NEW YORK

RETROSPECTIVE RATING PLAN

NYCIRB

NEW YORK RETROSPECTIVE RATING PLAN MANUAL

PREFACE

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PART ONE—DESCRIPTION OF THE PLAN

I—INTRODUCTION

The rules contained in this manual apply only to workers compensation and employers liability insurance when written either alone or in combination with other commercial casualty insurance. Refer to the Retrospective Rating Plan issued by the Insurance Services Office for rules that govern the other commercial casualty lines of insurance.

A. GENERAL EXPLANATIONS

1. **Plan is Optional**

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

2. **Object of the Plan**

   This Plan adjusts the premium for the insurance to which it applies on the basis of losses incurred during the period covered by that insurance. The intent is to charge a premium which reflects those losses. Within the principle of insurance, retrospective rating establishes the reasonable cost of insurance by using losses incurred during the term of that insurance and adding the insurance carrier's expenses and the taxes on premiums.

3. **Loss Control Incentive in Use of the Plan**

   The Plan provides an incentive to the insured to control and reduce losses because the retrospective premium will be the result of losses incurred during the rating period. To the extent that the insured controls losses, there is a reward through lower premiums. The Plan also dispels any concerns the insured may have that its premium depends mostly upon losses incurred by other risks because the greatest part of the retrospective premium is used to pay for the insured's own losses.

4. **Cost-Plus Feature of the Plan**

   The cost-plus characteristics of this Plan exist because the retrospective premium for a rating period is based on the incurred losses during that period, so that it is in the nature of a dollar for dollar cost method. Premium under the Plan is the direct result of such incurred losses because the Plan reflects the cost of losses plus the insurance carrier's expenses in providing the insurance.

5. **Experience Rating Plan Manual**

   Retrospective rating is an independent option and it is not a substitute for experience rating. Retrospective rating is superimposed upon the premium resulting from experience rating.

6. **Risks Not Subject to Experience Rating**

   For risks not subject to experience rating, the retrospective rating premium is based on the premium determined by application of manual or other authorized rates.

7. **Risks Operating in More Than One State**

   This Plan may be applied on an intrastate or interstate basis.

8. **Premium Discount**

Any standard premium under this Plan is not subject to the premium discount provided in Rule VII of the New York Manual for Workers Compensation and Employers Liability Insurance. The reason is that premium discount recognizes variations in issuing and servicing expenses whereas retrospective rating incorporates those elements by means of the factors used to compute premium under this Plan.

9. **Stock and Non-Stock Company Expense Ratio Tables**

The Plan includes tables of expense ratios for use by stock and non-stock companies, to be used by each company in accordance with the expense table adopted by the company. They are in Part Four. The purpose of the Stock and Non-Stock Expense Tables is to indicate the amount of premium for company expenses, profit or contingencies, but not taxes. The total amount for such expense is determined by multiplying the standard premium of the risk by the factor for that size premium in the Table of Expense Ratios.

10. **Increased Limits for Coverage B**

If the policy provides increased limits for Coverage B, such premium and incurred losses may be subject to the Plan.

11. **Aircraft Classifications**

If the insurance subject to the Plan includes any of the aircraft classifications, the premium and losses for such classifications may be excluded from the Plan by agreement in advance between the insured and the carrier.

12. **Exclusion of Statutory Medical Benefits—Ex-Medical Coverage**

a. A policy on an ex-medical basis requires an application to be filed with the Rating Board advising that authorization was obtained from the Workers' Compensation Board. Approval is not required if the insured is a hospital. *Refer to Rule IX of the New York Workers Compensation and Employers Liability Insurance Manual.*

b. If an approved ex-medical policy is subject to this Plan, the Notice of Election to apply retrospective rating shall indicate the ex-medical status, loss limitations and other factors which have been selected. *Refer to Table of Loss Limitations for Ex-Medical Policies in Part Four of this Plan.*

13. **Deductible Programs**

The rating values developed to determine premium under this Plan do not contemplate deductibles and are designed to be used with losses that are gross of the deductible amount. When a deductible program applies, the use of such program, in conjunction with retrospective rating on an individual risk basis, requires the agreement of both the insured and the carrier.

II—DEFINITIONS

A. EMPLOYER

Employer may be an individual, partnership, joint venture, corporation, association, a fiduciary such as a trustee, receiver or executor, or other legal entity.

B. INSURED

Insured means the employer designated in Item I of the Information Page in the policy or policies to which this Plan is applied by the carrier which issued such insurance. Insured may be two or more legal entities if the same person, or group of persons, owns the majority interest in such entities. The New York Experience Rating Plan Manual defines majority interest. It usually means:

1. Majority of voting stock; or
2. Majority of members or directors if there is no voting stock; or
3. Majority participation of general partners in profits of a partnership.

C. MANUAL

Manual means the New York Workers Compensation and Employers Liability Manual.

D. RISK

Risk means the insured to which this Plan is applied.

E. RATES

1. Authorized rate means either:
   a. The manual rate or any other rate that has been established by the New York Compensation Insurance Rating Board; or
   b. Where applicable, the rate filed by the carrier and approved in accordance with state regulatory requirements.
2. Manual rate means the rate shown after the classification code number on the New York rate pages in Part Three of the Manual.

F. STANDARD PREMIUM

For the purpose of this Plan, standard premium means the premium for the risk determined on the basis of authorized rates, an experience rating modification, loss constants where applicable, and minimum premiums. Determination of standard premium shall exclude:

1. Premium Discount.
2. The Expense Constant.
3. Premium resulting from the Non-Ratable Element Codes listed in the New York Experience Rating Plan Manual.
4. Premium developed by the passenger seat surcharge under Code 7421—Aircraft Operation—flying crew.
5. ★ Premium developed by provisions for foreign terrorism, domestic terrorism, natural disasters and industrial accidents.

G. INCURRED LOSSES

Incurred losses used in the rating formula for determining premium under this Plan are those reported under the rules of the New York Statistical Plan Manual.

Generally, incurred losses are the actual losses paid and outstanding, interest or judgments, expenses incurred in obtaining third-party recoveries (not to exceed the amount of a third-party recovery), and allocated loss adjustment expenses for employers liability losses.

Incurred losses resulting from an accident involving two or more persons under any classification code containing a non-ratable catastrophe element shall be limited to the two most costly claims, subject to any further loss limitation applicable.

The rating formula shall not include losses involving passenger employees resulting from the crash of an aircraft under Classification Code 7421.

For complete details on instructions which shall be followed regarding incurred losses, refer to the New York Statistical Plan Manual.

H. RATING ORGANIZATION

1. Includes the New York Compensation Insurance Rating Board, hereinafter referred to as the "Rating Board."

2. Any other rating organization having administrative jurisdiction over any line of insurance in any state which is combined for rating under the New York Retrospective Rating Plan.

I. ANNIVERSARY RATING DATE

1. **Single Policy Risk**

   The anniversary rating date for application of this Plan is the effective month and day of the policy in effect.

2. **Multiple Policy Risk**

   If the risk subject to the Plan includes more than one policy with different effective dates, the anniversary rating date shall be determined by the rating organization.

   Note: The Plan applies for the period of the policy or policies subject to the Plan. If the period for the application of the Plan is changed, refer to Part Three.

J. LONG-TERM CONSTRUCTION PROJECT

A long-term construction project means a construction or erection project expected to require more than 1 year for completion and let under one contract or more than one concurrent or consecutive contracts. Such a project may be insured under a 1 year policy or policies issued for any period not longer than 3 years.

K. WRAP-UP CONSTRUCTION PROJECT

A wrap-up construction project is a large construction, erection or demolition project for which policies have been issued by one or more insurance carriers under the same management to insure two or more legal entities engaged in such a project. The entities insured shall be limited to the general contractor (including any owner or principal acting as a general contractor) and subcontractors performing work under contracts let on an ex-insurance basis. If the contract between the owner or principal and such general contractor is on an ex-insurance basis, the owner or principal is an eligible entity for the combination.

The project must be confined to operations at a single location. In connection with the building of roadways, tunnels, waterways, surface or underground conduits, or New York City school construction work specifically authorized by Chapter 738, Laws of 1988, the entire job, or sections of the job, is considered a single location if the construction is performed by a single general contractor for a single owner or principal. The project must be of definite duration involving work to be performed continuously to completion.

* L. NEW YORK LARGE RISK RATING OPTION

The New York Large Risk Rating Option provides that a risk may be retrospectively rated as mutually agreed upon by carrier and insured. It is an available option for risks with an estimated annual standard premium in excess of $500,000 individually or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation.

III—ELIGIBILITY FOR THE PLAN

A risk is eligible for this Plan if it satisfies the following Standard Premium requirements:

A. ONE-YEAR PLAN

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

B. THREE-YEAR PLAN

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

Note: In A and B above, estimated standard premium may include other casualty insurance. Refer to the Retrospective Rating Plan issued by the Insurance Services Office.

C. A long-term construction project is eligible if the estimated standard premium is an average of $75,000 or more per year. For such a project, the retrospective rating premium shall be based on the entire period required for completion of the project.

D. Two or more policies on a wrap-up construction project may be combined for the purpose of retrospective rating if the estimated total standard premium for the project to be done by such combined entities is $500,000 or more. A wrap-up construction project may be treated as a long term construction project.

* E. NEW YORK LARGE RISK RATING OPTION

A risk is eligible for the New York Large Risk Rating Option if the estimated standard premium individually or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation exceeds an average of $500,000 annually for the term of the plan.

PART TWO—OPERATION OF THE PLAN

I—HOW PREMIUM IS DETERMINED UNDER THE PLAN

Retrospective premium is computed on the basis of the formulas contained in this Section of the Plan.

A. THE RETROSPECTIVE PREMIUM FORMULA

The premium for a risk subject to this Plan is determined by the following retrospective premium formula:

Retrospective Premium =

1. Basic Premium
   plus
2. Converted Losses

3. The sum of 1 + 2 is multiplied by the Tax Multiplier

The formula produces a retrospective premium which shall be subject to the Minimum Retrospective Premium and the Maximum Retrospective Premium.

If the risk to which the Plan is applied includes more than one legal entity, a single retrospective premium is computed on the basis of the combined entities, not individually for each legal entity.

B. DEFINITIONS OF TERMS USED FOR THE FORMULA

1. **Standard Premium**

   Standard Premium is defined in Part One of this Plan. *Refer to Part One–II.F.*

2. **Basic Premium**

   The Basic Premium is a percentage of the Standard Premium. It is determined by multiplying the Standard Premium by a Basic Premium Factor. Basic Premium Factors are based on the Table of Expense Ratios, the Table of Insurance Charges, and the individual loss limitation if selected. *Refer to Part Four—Premium Computation Tables.*

   The Basic Premium provides: insurance carrier expenses such as for acquiring and servicing the insured's account; loss control services, premium audit and general administration of the insurance; an adjustment for limiting the retrospective premium between the minimum retrospective premium and the maximum retrospective premium; and an allowance for the insurance carrier's possible profit or contingencies.

   The Basic Premium does not cover premium taxes nor claim adjustment expenses. The latter elements are usually provided by the Tax Multiplier and the Loss Conversion Factor.

3. **Converted Losses**

   Converted Losses are based on the incurred losses of the risk during the period of the policy or policies to which this Plan is applied. A Loss Conversion Factor is applied to such losses to produce the Converted Losses. *Refer to No. 4 below.* Incurred losses are defined in Part One–II.G.

4. **Loss Conversion Factor**

The Loss Conversion Factor usually covers claim adjustment expenses and the cost of the insurance carrier's claim services such as investigation of claims and filing claim reports.

5. **Tax Multiplier**

The Tax Multiplier covers licenses, fees and taxes which the insurance carrier must pay on the premium which it collects.

6. **Minimum Retrospective Premium**

The Minimum Retrospective Premium is a percentage of the Standard Premium. It is the least amount of premium to be paid by the risk subject to this Plan.

The Minimum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier. *Refer to II.B.2.*

7. **Maximum Retrospective Premium**

The Maximum Retrospective Premium is a percentage of the Standard Premium. It is the greatest amount of premium to be paid by the risk subject to this Plan. It has the effect of placing a limit on the impact of incurred losses on the retrospective premium.

The Maximum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier.

C. ADDITIONAL ELECTIVE ELEMENTS FOR THE RETROSPECTIVE PREMIUM FORMULA

The insured and the insurance carrier may agree that either or both of the following additional elective premium elements will be included in the Retrospective Premium Formula:

1. **Excess Loss Premium**

2. **Retrospective Development Premium**

Note: These elective elements are subject to the Tax Multiplier as shown in the Retrospective Premium Formula in D below.

3. **Explanation of Elective Premium Elements**

a. **Excess Loss Premium**

This elective premium element is permitted only if the total Standard Premium subject to the Plan is at least $100,000. The use of this elective element is intended to avoid the possibility that high cost losses will have too great an impact on the retrospective premium. Election of a loss limitation places a limit on the amount of incurred losses arising out of any one accident which will be included in the retrospective premium formula. Excess Loss Premium is the premium charge for such limitation on losses used in computing the retrospective premium. The loss limitations arising out of any one accident which may be used by agreement follow:

(1) $25,000 per accident for a risk with total standard premium of at least $100,000.

(2) Higher than $25,000 for a risk with total standard premium over $100,000 provided such higher accident loss limitation does not exceed 50% of the standard premium.

For all risks, the insurance carrier pays all incurred losses regardless of any retrospective rating loss limitation.

Excess Loss Premium is computed as shown below:

Standard Premium x Excess Loss Factor x Loss Conversion Factor

Note: For risks involving classifications where rates include, or are increased to provide for, coverage under U.S. Longshore and Harbor Workers' Compensation Act, the Excess Loss Premium is computed as shown below:

Standard Premium x Federal Excess Loss Factor x Loss Conversion Factor

The Excess Loss Factors (For Non-Federal and Federal Classifications) are shown in Part Four of this Manual. Use the Table of Classifications by Hazard Group in Part Four of this Manual to determine the proper Excess Loss Factors.

A loss limitation may be changed, included, or excluded after this Plan has been applied to a risk provided the new agreement is not retroactive.

b. **Retrospective Development Premium**

The purpose of this elective premium element is to stabilize premium adjustments for risks subject to this Plan. *Refer to Part Three—Administration of Plan—Rule IV* for premium adjustment rules. Retrospective development premium anticipates future increases in loss costs. The Retrospective Development Premium is included only in the first three adjustments of the retrospective premium and is not included in any later premium computations.

Retrospective Development Premium is computed as shown below:

Standard Premium x Retrospective Development Factor x Loss Conversion Factor

The Retrospective Development Factors are shown in Part Four of this manual.

D. THE RETROSPECTIVE PREMIUM FORMULA WHEN ADDITIONAL ELECTIVE PREMIUM ELEMENTS ARE INCLUDED

The retrospective premium for a risk which has elected either or both of the additional elective premium elements is determined by the following formula:

Retrospective Premium =

1. Basic Premium
   plus
2. Converted Losses
   plus
3. Excess Loss Premium
   plus
4. Retrospective Development Premium

5. Multiply the sum of 1 + 2 + 3 + 4 by the Tax Multiplier

Note: Include Item 3 or 4 or both in the formula depending on whether such elective premium elements are in the retrospective rating agreement.

The result of this calculation is the retrospective premium when the risk has elected one or both of the elective premium elements. The retrospective premium shall not be less than the Minimum Retrospective Premium nor more than the Maximum Retrospective Premium.

II—RETROSPECTIVE RATING — SELECTION OF FACTORS

A. EXPLANATION

The Basic Premium is determined by using the Table of Expense Ratios to determine the insurance carrier expenses and the Table of Insurance Charges is used for the remainder of the Basic Premium. The Loss Conversion Factor and the Minimum and Maximum Retrospective Premium are subject to agreement between the insured and the insurance carrier. The Tax Multiplier, Excess Loss Premium and Retrospective Development Premium are determined on the basis of the state or states included in this option.

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

   Workers Compensation and Employers Liability

   Third-Party Liability Insurance for Commercial Lines

   Commercial Automobile Physical Damage

   Other types of insurance governed by the Retrospective Rating Plan issued by the Insurance Services Office.

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

   Note: When the Plan includes workers compensation and other commercial casualty insurance, the total retrospective premium, including the minimum and maximum retrospective premium, is determined on the basis of all insurance in the Plan.

2. For an interstate risk, an average of the specified state tax multipliers weighted by the state premium shall be used.

3. The Loss Conversion Factor for retrospective rating shall not be large enough to cause negative expenses in the Basic Premium.

Refer to Appendix for explanations and examples.

B. THREE-YEAR PLAN—OPTIONAL

Retrospective Rating may also be applied to a risk for a period of three years. Follow the procedure and examples cited in A-1 above, but determine the insurance carrier expenses on the basis of the annual Standard Premium and the remainder of the Basic Premium by use of the Standard Premium for the three-year period of the Plan.

C. LONG-TERM OR WRAP-UP CONSTRUCTION PROJECTS

Retrospective Rating may be applied to such projects in the following manner.

1. The project may be insured under a series of one-year policies. Use Rule II.A above.

2. The project may be insured under a series of three-year policies. Use Rule II.B above.

3. The Plan shall apply to such projects so that the retrospective premium is computed on the basis of the standard premium for the entire duration of the project.

Note: For determining retrospective premium for plans applied on a three-year basis, or Long Term or Wrap-Up Construction Projects, any revision in Tax Multipliers and Excess Loss Factors shall be applied to policies as of the first normal anniversary rating date of the risk, which is on or after the date of such revision, unless the revision is authorized for application to outstanding policies.

D. PAID LOSS RETROSPECTIVE RATING PLAN

Upon agreement between the carrier and the insured, and in conjunction with the Retrospective Rating Plan, the carrier may enter into a financial arrangement with the insured in which the full deposit premium is not paid to the insurance carrier at policy inception. Under this arrangement, the insured is able to retain the use of its funds until losses are actually paid by the carrier.

Each of these plans is subject to the following conditions:

1. Eligibility for this Plan requires an estimated annual Standard Premium of no less than $500,000. All states and policies referred to in the filing may be included in determining eligibility.

2. Collection at policy inception of a charge equal to no less than one-quarter of expected losses. This amount should be increased by the Loss Conversion Factor to cover claim adjustment expenses.

3. Collection at policy inception of a pro-rated Basic Premium Charge. The Basic Premium Charge is normally derived by multiplying the approved Basic Premium Factor in the Plan by the Standard Premium.

4. Collection over the policy term of a charge equal to the Excess Loss Premium (when a loss limitation is chosen). Excess Loss Premium is equal to the Excess Loss Factor multiplied by the Standard Premium.

5. Collection of a charge to cover premium tax derived by applying the approved Tax Multiplier to the Standard Premium.

6. A charge for the loss of the use of funds may also be applied by the carrier. However, use of this charge must be clearly stated in each proposed plan.

7. Changes in any of the amounts referred to items 2. through 6. above are to be billed or returned at the time of the first retrospective rating adjustment.

8. A letter of credit meeting the requirements of New York Insurance Department Regulation 133 is required to secure the balance of the Standard Premium due when the program is established. This is subject to modification as payments are made in subsequent periods. At the option of the carrier, a demand note may be required to accompany the letter of credit.

9. At the time of the first retrospective rating adjustment, the premium due, but not as yet paid, would be the difference between the retrospective premium and the amount collected thus far under the paid loss plan.

10. Upon agreement between the carrier and the insured, at the time of a specified retrospective rating adjustment, the paid loss retrospective rating program will revert to a conventional retrospective rating plan. Generally this will occur at the time of the fourth or fifth adjustment.

11. In the event of cancellation of coverage at the insured's request or the insurance company's request as a result of non-payment, the accountings and all subsequent payments will be adjusted in accordance with the cancellation rules shown in Part Two, Section III of this Plan.

Note: The insured is required to replenish the deposit loss fund periodically throughout the program to maintain the initial loss fund deposit. If the paid loss plan is terminated prior to the calculation of the first retrospective rating adjustment and the actual paid losses exceed the amounts in the loss fund, the insured will be required to contribute any and all amounts due the carrier.

* E. NEW YORK LARGE RISK RATING OPTION

The New York Large Risk Rating Option provides that a risk may be retrospectively rated as mutually agreed upon by the carrier and the insured. It is an available option for risks with an estimated annual standard premium in excess of $500,000 individually or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation.

III—CANCELLATION OF POLICY

A. EXPLANATION

While the Cancellation Condition of the Standard Policy permits cancellation by the insured or insurance carrier, the premium determination for a canceled policy is controlled by Rule X—Cancellation in the New York Workers Compensation and Employers Liability Insurance Manual.

B. RETROSPECTIVE PREMIUM DETERMINATION UPON CANCELLATION

1. Cancellation By the Insurance Carrier, except for non-payment of premium.

2. Cancellation By the Insured When Retiring From Business provided:

   a. All work covered by the policy has been completed; or

   b. All interest in any business covered by the policy has been sold; or

   c. The insured has retired from all business covered by the policy.

Note: For purposes of this rule, a material change in ownership of a corporation which results in elimination of experience under the rules of the New York Experience Rating Plan Manual does not constitute retiring from the business insured by the policy.

3. If the reason for the cancellation is No. 1 or 2 above, Retrospective Premium for the canceled policy shall be computed as follows:

   a. Standard Premium: Determine the premium for the canceled policy on a pro rata basis in accordance with Manual Rule X.B. The resulting premium shall be the Standard Premium.

b. Retrospective Premium: The retrospective premium for the canceled policy shall be determined by using the Retrospective Premium Formula in this section of the Plan. Use the Standard Premium in a. above to establish the Basic Premium, and, if applicable, Excess Loss Premium and Retrospective Development Premium for the formula.

Exception for Non-Payment of Premium:

If the cancellation by the insurance carrier is because of non-payment of premium by the insured, the Maximum Retrospective Premium shall be based on a Standard Premium which shall be the premium for the canceled policy (under Manual Rule X.B) extended pro rata to an annual basis.

4. Cancellation by the insured, except when retiring from business for the reasons stated in III.B.2 above. Determine the Retrospective Premium as follows:

a. The premium for the canceled policy is to be calculated on a short rate basis under Manual Rule X.D.

b. Use the Retrospective Premium Formula in this section of the Plan to establish the Retrospective Premium as shown below:

(1) Basic Premium and, if applicable, Excess Loss Premium and Retrospective Development Premium shall be computed by using the short rate premium in 4a. above as the Standard Premium.

(2) Minimum Retrospective Premium shall be the short rate premium in 4a. above.

(3) Maximum Retrospective Premium shall be based on a Standard Premium which shall be calculated by using the actual payroll for the period the policy was in effect, extending that payroll pro rata to an annual basis and then multiplying such extended payroll by the authorized rates and experience rating modification.

EXAMPLE: **Calculation of Maximum Retrospective Premium Under Rule 4b:** Assume:

Policy in effect	185 days
Authorized Rate (per $100 payroll)	5.00
Actual payroll for 185 days	$555,000
Experience Rating Modification	1.00
Maximum Retrospective Premium Factor	1.60

(a) Payroll extended to an annual basis: $\$555,000 \times \frac{365 \text{ days}}{185 \text{ days}} =$ $ 1,095,000

(b) Annual Standard Premium: $1,095,000 x 5.00 (per $100) x 1.00 = $ 54,750

(c) Maximum Retrospective Premium: $54,750 x 1.60 = $ 87,600

5. Cancellation of Three-Year Plan

If a policy for a Three-Year Retrospective Rating Option is canceled, the Retrospective Premium shall be computed as follows:

a. Determine premium for the canceled policy in accordance with Manual Rules X.B or X.D depending on the reason for the cancellation. If the Plan was applied to a three-year policy, each 12 month unit within such a policy is treated as a separate policy. *Refer to Manual Rule III.C.3*.

b. A short rate factor does not apply to any premium for completed 12 month policy units. Apply the short rate factor under Manual Rule X.D only to the premium for the 12 month unit canceled by the insured when not retiring from the business.

c. If the reason for the cancellation of the Three-Year Plan is No. 1 or 2 in Rule B of this section, the total Standard Premium is the sum of the pro rata premium under Rule B and the Standard Premium for each completed 12 month unit. Use this total Standard Premium to establish the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium.

d. If the cancellation by the carrier is caused by non-payment of premium by the insured, the Maximum Retrospective Premium shall be based on a total Standard Premium which shall be the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X.B) and the Standard Premium for each completed 12 month unit, such sum then extended pro rata to a three-year basis.

e. If the reason for the cancellation of the Three-Year Plan is No. 4 in Rule B of this section, the total Standard Premium shall be the sum of the short rate premium for the incompleted 12 month unit (under Manual Rule X.D) and the Standard Premium for each completed 12 month unit. This total Standard Premium is the Minimum Retrospective Premium and also shall be used to determine the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium. The Maximum Retrospective Premium shall be based on a total Standard Premium which is the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X.B) and the Standard Premium for each completed 12 month unit, such sum then extended pro rata to a three-year basis.

EXAMPLE I: **Retrospective Premium Calculation on Three-Year Policy Canceled By The Insured After 185 Days**

Actual Payroll for 185 days . . . . $ 555,000
Authorized Rate (per $100 of payroll) 5.00
Experience Modification 1.00
Maximum Retrospective Premium Factor 1.60
(a) *Payroll extended to annual basis* = $555,000 x $\frac{\text{365 days}}{\text{185 days}}$ = ... $ 1,095,000
(b) *Annual Premium* = $1,095,000 x 5.00 (per $100) x 1.00 = ... $ 54,750
(c) *Short rate percentage for* 185 days—Refer to Basic Manual Rule X.E 61%
(d) *Short Rate Premium for canceled policy* = $54,750 x .61 = ... $ 33,398
(e) *Standard Premium—Short Rate Basis* = ... $ 33,398
(f) *Minimum Retrospective Premium* . . . . $ 33,398

Standard Premium is the Minimum Retrospective Premium and is also used to determine the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium.

(g) *Maximum Retrospective Premium*

The Maximum Retrospective Premium is based on the Standard Premium without short rate factor, extended pro rata to a three-year basis.

Calculation

(1) *Standard Premium for* 185 days *(not short rate)*=$555,000x5.00(per $100)x1.00= $ 27,750
(2) *Standard Premium without short rate factor extended to a three-year basis =*

$27,750 x $\frac{\text{1095 days}}{\text{185 days}}$ = ... $ 164,250

(3) *Maximum Retrospective Premium* = $164,250 x 1.60 = ... $ 262,800

EXAMPLE II: **Retrospective Premium Calculation on Three-Year Policy Canceled By The Insured After 1 Year and 185 Days**

Standard Premium for first 12 month unit	$	50,000
Actual Payroll for 185 days of second 12 month unit	$	555,000
Authorized Rate (per $100 of payroll)		5.00
Experience Modification—Use Experience Rating modification applicable to each 12 month unit	$	1.00
Maximum Retrospective Premium Factor		1.60

(a) *Actual Payroll for 185 days extended to annual basis*=$555,000x$\frac{365 \text{ days}}{185 \text{ days}}$ = ... $ 1,095,000

(b)	*Annual Premium for second 12 month unit*=$1,095,000 x 5.00 *(per $100) x 1.00=*	$	54,750
(c)	*Short rate percentage for* 185 days-Refer to Basic Manual Rule X.E		61%
(d)	*Short Rate Premium for incomplete 12 month unit* = $54,750 x .61 = ...	$	33,398
(e)	*Total Standard Premium* = $50,000 + 33,398	$	83,398
(f)	*Minimum Retrospective Premium*	$	83,398

Total Standard Premium is the Minimum Retrospective Premium and is also used to determine the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium.

(g) *Maximum Retrospective Premium*

The Maximum Retrospective Premium is based on the Total Standard Premium without short rate factor, extended pro rata to a three-year basis.

Calculation

(1)	*Standard Premium for completed 12 month unit*	$	50,000
(2)	*Standard Premium for 185 days* = $555,000 x 5.00 (per $100) x 1.00 = ...	$	27,750
(3)	*Standard Premium for 185 days extended pro rate to annual basis* = $27,750 x $\frac{365}{185}$ = ...	$	54,750
(4)	*Total Standard Premium* $50,000 + 54,750 = ...	$	104,750
(5)	*Total Standard Premium extended pro rata to a three-year basis*= $104,750 x $\frac{3}{2}$=	$	157,125
(6)	*Maximum Retrospective Premium* = $157,125 x 1.60 = ...	$	251,400

C. VALUATION OF LOSSES

If the policy is canceled by the insured or insurance carrier, the first determination of retrospective premium shall be based upon incurred losses valued six months after the termination date. For complete details on instructions which shall be followed regarding advance unit reports, *refer to the New York Statistical Plan Manual, Part I, Rule 14.*

PART THREE—ADMINISTRATION OF THE PLAN

I—ELECTION OF INSURED TO BE SUBJECT TO RETROSPECTIVE RATING

A. HOW THE INSURED ELECTS TO BE SUBJECT TO THE PLAN

1. The insured elects to be subject to this Plan by notifying the insurance carrier that it has agreed to application of the Plan. This notification shall be executed in writing.

2. Refer to the Appendix for a specimen letter of election which may be used for the election by the insured. Any other form of election is acceptable provided it includes the information shown in C below.

B. HOW CARRIER ACCEPTS ELECTION OF THE INSURED

1. The carrier agrees to the election of the insured to be subject to the Plan by accepting the insured's written notification.

2. After the carrier accepts the insured's election to be subject to this Plan, form RR-1 (Rev. 93), "Notification of Coverage" shall be sent to the Rating Board not later than 60 days after the effective date of the Plan indicated on that form. *Refer to Appendix for a copy of this form.*

Note: The Rating Board must be notified by the carrier if it and the insured agree to shorten or lengthen the period of the Plan's application, up to a maximum of 60 days.

C. INFORMATION REQUIRED IN ELECTION OF THE INSURED

The following information is required in the Notice of Election, RR-50 (Rev.93) signed by the insured:

1. Name of Insured.
2. Effective date of plan.
3. Minimum retrospective premium factor.
4. Maximum retrospective premium factor.
5. Loss conversion factor.
6. Loss limitation option and loss elimination ratio (LER), if applicable.
7. Retrospective Development Premium option, if applicable.
8. One or Three-Year application of the Plan.
9. Long-Term Construction Project—Details, if applicable.
10. Wrap-Up Construction Project—Details, if applicable.
11. Any special conditions affecting the selected Plan, such as the inclusion of other commercial casualty insurance.
12. Signature by the insured; for example, proprietor, partner or duly authorized officer of corporation.

The following and any other additional information may also be included:

1. Address of the insured.

2. A statement that the insured understands the terms and obligations of this Plan, including the method of premium computation, payments and penalties for cancellations.

D. STATES IN WHICH SELECTED PLAN APPLIES

1. If the risk operates in only one state, designate that state on form RR-1 (Rev. 93) Notification of Coverage.

2. If the risk operates in more than one state, list the states to which the selected rating will apply on form RR-1 (Rev. 93).

3. One or more additional states may be included in the Plan applicable to a risk after the Plan effective date.

II—REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN

1. **Premiums**

   The standard premiums used as the basis of the Retrospective Premium are those reported in accordance with the New York Statistical Plan Manual.

2. **Incurred Losses**

   The incurred losses used for determining the Retrospective Premium are those reported under the New York Statistical Plan Manual.

Note: For complete details on instructions which shall be followed for Nos. 1 and 2 above, *refer to the New York Statistical Plan Manual.*

3. **Verification of Data**

   All data reported under the New York Statistical Plan Manual shall be accepted as verified data for computation of the Retrospective Premium.

III—FILING REQUIREMENTS

1. **Notification of Coverage**

   a. **Intrastate Plan**

      For requirements in specific states, refer to Appendix, "Filing Requirements—Intrastate Plans."

   b. **Interstate Plan**

      For requirements on Plans applicable in more than one state, refer to Appendix, "Filing Requirements—Interstate Plans."

2. **Factors for Retrospective Rating.**

   a. One copy of form RR-1 D (Rev. 93), "Application for Approval of Proposed Retrospective Rating Values" shall be filed for approval with the Rating Board. *Refer to the Appendix for a copy of this form and for specific instructions regarding intrastate and interstate plans.*

i ***Note:*** Forms RR-1, RR-1 D and RR-50 are not required to be filed with the Rating Board if the New York Large Risk Rating Option has been elected. *Refer to Item c. below.*

   b. A revised calculation of the Basic Premium Factor is required if any changes result in an increase or decrease beyond the lowest or highest original estimated standard premium sizes selected. Form RR1 D (Rev. 93) shall be refiled if the Basic Premium Factor changes.

i c. For risks subject to the New York Large Risk Rating Option, one copy of Form NYLR - 1 (Notice of Election, Retrospective Rating Plan, New York Large Risk Rating Option) must be filed with the Rating Board.

IV—COMPUTATION OF RETROSPECTIVE PREMIUM

GENERAL EXPLANATION

Under this Plan, retrospective premiums always are computed initially by the carrier, using premium and loss data which have been reported under the New York Statistical Plan Manual. On a specific request basis, the retrospective premium calculated by the carrier may then be reported to the rating organization for verification. This is achieved by the Rating Board's use of the duplicate copies of the New York Statistical Plan reports which must be submitted with the retrospective premium calculation. *Refer to the New York Statistical Plan Manual, Section 1-3(b) for detailed instructions regarding these duplicate reports.*

1. **First Computation of Retrospective Premium**

   Under the New York Statistical Plan Manual, the reports of losses and premiums are submitted to the Rating Board. *For complete details, refer to Parts I through IV of that Manual.* As soon as practicable after data have been prepared in accordance with the Statistical Plan, the first retrospective premium computation shall be made by the insurance carrier.

   On a specific request basis, this computation may be sent to the Rating Board for verification before transmittal to the insured. The carrier shall notify the insured and return premium if the retrospective premium is less than premium previously paid. The insured shall pay any premium greater than premium previously paid.

   If the insured and carrier agree, the first computation of retrospective premium shall be the final adjustment of premium under this Plan. In the absence of such an agreement, additional retrospective premium computations shall be made by the carrier in accordance with Rule 2 below.

   For plans applied on a three-year basis, or long-term or wrap-up construction projects, interim tentative adjustments of premium may be made.

   Note: In certain cases, the carrier may make an early computation of retrospective premium. Such cases include bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations.

2. **Retrospective Premium Adjustment After First Computation**

   a. If the first or any other retrospective premium computation is not final, a subsequent computation and adjustment of premium subject to this Plan shall be made by the carrier 12 months after the previous computation. The procedure for such later computations shall be the same as in Rule 1 above except that such premium calculations shall be based upon the latest statistical reports required by Section VI.A.2 of the New York Statistical Plan Manual. If the insured and carrier agree, the latest computation shall be the final retrospective premium. Unless such an agreement has been made, the carrier shall continue to make such additional retrospective premium computations at intervals of 12 months.

   b. If a subsequent computation of retrospective premium results in no change from the previous computation, the insurance carrier shall notify the insured that there is no change in the premium payment and that subsequent computations of retrospective premium will be made in accordance with Rule 3.a. below.

3. **Final Computation of Retrospective Premium.**

   a. Subsequent computation of retrospective premium shall be issued by the carrier in accordance with Rule 2 above until both the carrier and insured agree that the latest computation shall be the final retrospective premium under the Plan.

   b. When the carrier and insured have agreed to the final retrospective premium calculation, a revision of that premium adjustment is not permitted except for clerical errors.

Exception: Regardless of the foregoing provisions, any computation in which a New York workers compensation case not due to dust disease has been included at a higher value than the payments corresponding to the first 260***** weeks shall be revised if, at any time within five years after the effective date of the policy, the Special Disability Fund has been legally held liable for payment beyond the first 260***** weeks. When such special revision is made, no changes to reflect developments in other cases shall be permitted.

***Note:** The number of weeks subject to this provision is 104 when the date of accident or date of disablement is prior to August 1, 1994.

RESERVED FOR FUTURE USE

TABLE OF EXPECTED LOSS RANGES

Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values
95	$ 985 - 1,537	65	$ 82,577 - 89,187	35	$ 1,029,916 - 1,156,359
94	1,538 - 2,276	64	89,188 - 96,327	34	1,156,360 - 1,298,329
93	2,277 - 3,006	63	96,328 - 104,038	33	1,298,330 - 1,480,488
92	3,007 - 3,974	62	104,039 - 112,366	32	1,480,489 - 1,701,726
91	3,975 - 5,169	61	112,367 - 121,361	31	1,701,727 - 1,956,028
90	5,170 - 6,243	60	121,362 - 131,102	30	1,956,029 - 2,248,333
89	6,244 - 7,535	59	131,103 - 141,754	29	2,248,334 - 2,672,625
88	7,536 - 8,747	58	141,755 - 153,053	28	2,672,626 - 3,195,877
87	8,748 - 10,153	57	153,054 - 164,905	27	3,195,878 - 3,821,580
86	10,154 - 11,777	56	164,906 - 177,679	26	3,821,581 - 4,711,215
85	11,778 - 13,319	55	177,680 - 191,443	25	4,711,216 - 5,995,158
84	13,320 - 15,057	54	191,444 - 206,999	24	5,995,159 - 7,629,014
83	15,058 - 17,005	53	207,000 - 223,883	23	7,629,015 - 9,748,539
82	17,006 - 18,921	52	223,884 - 242,150	22	9,748,540 - 12,474,179
81	18,922 - 21,052	51	242,151 - 261,898	21	12,474,180 - 15,961,893
80	21,053 - 23,419	50	261,899 - 282,616	20	15,961,894 - 20,424,753
79	23,420 - 26,056	49	282,617 - 304,923	19	20,424,754 - 26,135,402
78	26,057 - 28,752	48	304,924 - 329,150	18	26,135,403 - 35,850,102
77	28,753 - 31,654	47	329,151 - 358,098	17	35,850,103 - 53,022,012
76	31,655 - 34,853	46	328,099 - 389,589	16	53,022,013 - 78,419,139
75	34,854 - 38,300	45	389,590 - 423,852	15	78,419,140 - 115,981,280
74	38,301 - 41,931	44	423,853 - 463,178	14	115,981,281 - 171,535,390
73	41,932 - 45,906	43	463,179 - 506,816	13	171,535,391 - 253,699,472
72	45,907 - 50,264	42	506,817 - 554,570	12	253,699,473 - 397,136,574
71	50,265 - 54,866	41	554,571 - 611,345	11	397,136,575 - 628,429,113
70	54,867 - 59,848	40	611,346 - 675,595	10	628,429,114 - 994,426,545
69	59,849 - 65,277	39	675,596 - 746,600	9	994,426,546 - & over
68	65,278 - 70,775	38	746,601 - 825,066		
67	70,776 - 76,448	37	825,067 - 917,292		
66	76,449 - 82,576	36	917,293 - 1,029,915		

TABLE OF INSURANCE CHARGES

The Table of Insurance Charges is not contained in this manual, but is on file with the New York State Insurance Department. It is available for use by the Rating Board's members in accordance with applicable licensing agreements with the National Council on Compensation Insurance.

TABLES OF EXPENSE RATIOS

Tables of Expense Ratios, both with and without allocated loss adjustment expense, as well as Premium Discount schedules, will no longer be calculated and published by the Rating Board, effective October 1, 2008.

Carriers are responsible for determining their own expense tables and schedule of premium discounts.

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

This table is to be used in the determination of the excess loss factor. This factor is determined based on the selected loss limitation and the hazard group assignment shown below for the classification producing the largest amount of estimated New York workers compensation standard premium included in the Plan.

CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP
0005	C	2001	C	2416	C	2841	B
0006	C	2002	D	2417	C	2881	C
0007	C	2003	C	2501	C	2883	C
0031	C	2014	E	2503	B	2913	C
0034	C	2021	D	2534	B	2916	F
0035	B	2039	D	2553	B	2923	B
0042	D	2041	C	2570	B	2942	B
0050	C	2065	C	2571	C	3004	D
0106	D	2070	D	2576	B	3018	C
0251	C	2081	C	2578	C	3022	B
0908	C	2089	C	2590	C	3027	E
0909	B	2095	C	2591	C	3028	C
0912	E	2101	B	2593	E	3030	E
0913	C	2105	B	2594	E	3040	E
0917	B	2111	B	2600	C	3041	D
1170	E	2112	B	2623	D	3042	D
1320	F	2114	B	2640	C	3060	E
1430	E	2121	C	2660	B	3064	D
1438	F	2143	B	2670	A	3066	D
1439	F	2150	C	2683	C	3067	D
1452	E	2157	B	2688	B	3076	C
1463	F	2172	D	2689	C	3081	E
1470	E	2211	E	2702	G	3085	E
1624	D	2286	B	2710	F	3110	D
1701	E	2288	B	2714	B	3111	C
1710	E	2302	C	2731	E	3113	C
1741	G	2303	C	2735	B	3114	C
1747	E	2305	D	2737	C	3118	B
1748	E	2362	C	2759	B	3122	B
1809	F	2380	C	2790	B	3126	D
1810	F	2383	C	2802	D	3129	C
1853	D	2387	C	2816	C	3132	C
1860	D	2388	B	2817	C	3145	C
1924	D	2402	E	2818	C	3146	C
1925	D	2413	C	2835	A	3169	C

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP
3179	B	3635	C	4131	B	4476	C
3188	C	3638	B	4133	B	4479	C
3190	B	3642	C	4150	A	4491	C
3191	C	3643	C	4207	E	4493	C
3200	B	3647	D	4239	E	4511	D
3220	C	3648	B	4240	B	4557	B
3227	B	3681	B	4243	C	4558	C
3241	C	3685	C	4244	D	4561	C
3255	C	3686	C	4250	C	4568	E
3257	C	3724	F	4251	C	4583	F
3270	C	3726	G	4263	C	4597	D
3300	C	3737	D	4273	C	4611	C
3303	B	3807	B	4279	C	4628	C
3307	C	3808	D	4282	B	4635	G
3315	B	3821	D	4298	C	4653	B
3336	E	3823	D	4299	C	4665	E
3365	E	3824	D	4301	C	4692	B
3372	D	3826	C	4304	B	4693	C
3381	C	3827	C	4307	C	4710	C
3383	B	3830	D	4310	B	4712	C
3384	B	3832	D	4312	C	4720	C
3385	B	3865	A	4351	C	4751	E
3400	D	3881	(a)	4352	B	4767	G
3507	C	4000	F	4360	B	4771	G
3515	C	4024	E	4361	B	4825	E
3548	C	4034	E	4362	C	4828	D
3559	C	4038	C	4410	C	4829	F
3561	D	4053	C	4420	D	4902	B
3574	B	4061	B	4431	A	4923	C
3581	B	4062	C	4432	A	5000	G
3612	D	4101	D	4439	E	5022	F
3620	E	4111	E	4452	C	5037	G
3629	B	4112	C	4459	C	5040	G
3632	C	4114	C	4470	C	5057	G
3634	C	4130	C	4475	C	5059	G

(a) Submit to the Rating Board for determination of Excess Loss Factor

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP
5069	G	5610	E	6843	G	7377	C
5102	F	5645	F	6854	G	7380	D
5160	F	5648	F	6872	G	7390	C
5183	E	5651	F	6874	G	7394	G
5184	E	5701	F	6875	G	7395	G
5188	E	5703	E	6882	G	7398	G
5190	E	5709	(a)	6884	G	7403	E
5191	C	5951	B	6885	G	7405	E
5192	C	5954	C	7016	G	7421	F
5193	E	6003	E	7024	G	7422	G
5213	F	6005	E	7038	G	7431	G
5221	E	6017	E	7046	G	7502	C
5222	F	6018	E	7047	G	7515	G
5223	E	6045	E	7050	G	7520	C
5348	E	6204	F	7090	G	7536	G
5402	D	6216	G	7098	G	7538	G
5403	F	6217	F	7099	G	7539	C
5428	D	6229	F	7133	F	7542	B
5429	F	6233	F	7197	E	7570	D
5443	C	6235	G	7201	C	7580	E
5445	F	6251	F	7207	C	7590	D
5462	E	6252	G	7219	F	7600	D
5473	G	6260	(a)	7231	D	7601	F
5474	F	6306	F	7242	F	7610	D
5479	E	6319	F	7309	G	7710	G
5480	F	6325	F	7313	G	7711	G
5491	D	6400	D	7317	G	7716	G
5506	G	6504	C	7327	G	7720	C
5507	F	6701	E	7333	G	7723	C
5508	E	6801	E	7335	G	7855	E
5536	E	6811	E	7337	G	7998	C
5538	E	6824	F	7366	E	7999	D
5545	G	6826	E	7367	E	8001	B
5547	G	6834	D	7368	E	8006	C
5606	F	6836	E	7370	C	8008	B

(a) Submit to the Rating Board for determination of Excess Loss Factor

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP	CLASS CODE	HAZARD GROUP
8012	B	8291	D	8854	C	9093	B
8013	C	8292	C	8857	D	9101	C
8016	C	8293	E	8864	C	9102	C
8017	B	8350	F	8865	C	9149	C
8018	C	8353	E	8866	C	9157	C
8021	F	8381	D	8868	B	9158	D
8031	C	8382	D	8869	B	9159	B
8032	C	8385	D	8871	B	9160	D
8033	C	8391	D	8901	B	9178	A
8034	C	8392	C	9014	C	9179	C
8039	B	8394	C	9015	C	9180	E
8043	C	8500	E	9016	B	9182	C
8044	D	8601	D	9019	C	9186	F
8046	C	8709	G	9025	E	9220	D
8047	B	8719	G	9026	D	9402	E
8048	C	8720	D	9027	C	9403	F
8072	B	8726	E	9028	D	9410	C
8090	C	8731	D	9029	C	9501	D
8102	B	8742	E	9030	E	9505	D
8103	D	8745	D	9040	C	9519	C
8105	B	8747	D	9044	B	9521	E
8106	D	8748	D	9048	C	9522	C
8107	E	8751	D	9051	C	9526	F
8111	D	8755	E	9052	B	9527	E
8116	C	8800	A	9055	B	9534	F
8199	C	8802	C	9058	A	9539	F
8209	C	8803	C	9059	B	9545	F
8215	E	8809	D	9060	B	9549	F
8227	G	8810	C	9061	B	9552	E
8232	E	8820	D	9063	B	9553	E
8235	C	8829	D	9065	B	9585	C
8263	D	8831	C	9071	B	9586	B
8264	E	8832	C	9072	B	9600	B
8265	F	8833	C	9074	B	9610	E
8280	F	8838	C	9088	G	9620	D
8288	E	8840	C	9089	B		

TABLE OF LOSS LIMITATIONS
FOR EX-MEDICAL POLICIES

Eligibility Total Estimated Standard Premium	Per Accident Limitation Full Coverage	 Ex-Medical Coverage
$ 100,000	$ 25,000	$ 20,000
over 100,000	30,000	24,000
over 100,000	35,000	28,000
over 100,000	40,000	32,000
over 100,000	50,000	40,000
150,000	75,000	60,000
200,000	100,000	80,000
250,000	125,000	100,000
300,000	150,000	120,000
350,000	175,000	140,000
400,000	200,000	160,000
500,000	250,000	200,000
600,000	300,000	240,000
1,000,000	500,000	400,000
1,000,000	1,000,000	800,000

★ EXCESS LOSS PURE PREMIUM FACTORS *

Per Accident Limitation	Hazard Group A	B	C	D	E	F	G
$ 25,000	.776	.802	.846	.860	.879	.892	.905
30,000	.748	.776	.824	.840	.862	.876	.890
35,000	.722	.752	.804	.821	.846	.861	.877
40,000	.698	.730	.785	.804	.830	.848	.864
50,000	.655	.690	.751	.772	.802	.822	.841
75,000	.569	.609	.680	.706	.742	.767	.791
100,000	.503	.545	.624	.652	.693	.721	.749
125,000	.451	.494	.576	.607	.652	.682	.713
150,000	.407	.451	.536	.569	.615	.648	.681
175,000	.371	.414	.500	.535	.583	.618	.653
200,000	.339	.382	.469	.504	.555	.591	.627
225,000	.312	.354	.442	.477	.529	.566	.604
250,000	.288	.330	.417	.453	.505	.543	.582
275,000	.268	.308	.394	.431	.484	.522	.562
300,000	.249	.288	.374	.411	.464	.503	.544
325,000	.232	.271	.355	.392	.445	.485	.527
350,000	.217	.255	.338	.375	.429	.469	.510
375,000	.204	.240	.323	.359	.413	.453	.495
400,000	.191	.227	.308	.344	.398	.439	.481
425,000	.180	.215	.295	.331	.384	.425	.468
450,000	.170	.204	.282	.318	.371	.412	.455
475,000	.161	.193	.270	.306	.359	.400	.443
500,000	.152	.184	.259	.295	.347	.388	.431
600,000	.123	.152	.222	.256	.307	.348	.391
700,000	.102	.128	.192	.225	.274	.314	.357
800,000	.086	.109	.168	.199	.247	.285	.328
900,000	.073	.093	.149	.178	.223	.261	.303
1,000,000	.063	.081	.132	.160	.203	.240	.281
2,000,000	.021	.028	.053	.069	.097	.123	.155
3,000,000	.011	.014	.028	.038	.057	.075	.099
4,000,000	.008	.009	.017	.024	.037	.051	.069
5,000,000	.006	.007	.012	.017	.026	.037	.051
6,000,000	.006	.006	.010	.013	.020	.028	.039
7,000,000	.005	.006	.008	.010	.015	.022	.031
8,000,000	.005	.006	.007	.009	.013	.018	.026
9,000,000	.005	.005	.006	.008	.011	.015	.021
10,000,000	.005	.005	.006	.007	.009	.013	.018

* To be used in conjunction with Non-Federal classifications only

★ HAZARD GROUP DIFFERENTIALS

A	B	C	D	E	F	G
1.576	1.316	1.161	1.054	.928	.732	.587

★ EXCESS LOSS AND ALLOCATED EXPENSE PURE PREMIUM FACTORS *

Per Accident Limitation	Hazard Group A	B	C	D	E	F	G
$ 25,000	.790	.813	.853	.866	.885	.902	.913
30,000	.763	.788	.832	.847	.868	.887	.900
35,000	.738	.765	.813	.829	.852	.873	.887
40,000	.715	.743	.795	.813	.837	.860	.875
50,000	.673	.705	.761	.782	.810	.836	.854
75,000	.590	.626	.692	.717	.752	.784	.806
100,000	.525	.563	.637	.665	.704	.741	.767
125,000	.473	.512	.590	.621	.663	.703	.732
150,000	.430	.470	.550	.582	.627	.670	.702
175,000	.393	.433	.515	.549	.596	.641	.675
200,000	.362	.401	.484	.519	.568	.615	.650
225,000	.334	.373	.457	.492	.542	.591	.627
250,000	.310	.348	.432	.468	.519	.568	.606
275,000	.288	.326	.410	.446	.497	.548	.587
300,000	.269	.306	.389	.426	.478	.529	.569
325,000	.252	.288	.370	.407	.459	.512	.552
350,000	.237	.272	.353	.390	.442	.495	.536
375,000	.223	.257	.337	.374	.427	.480	.521
400,000	.210	.244	.323	.359	.412	.465	.507
425,000	.198	.231	.309	.345	.398	.452	.494
450,000	.187	.219	.296	.332	.385	.439	.481
475,000	.177	.209	.284	.320	.373	.426	.469
500,000	.168	.199	.273	.309	.361	.415	.458
600,000	.138	.166	.235	.269	.320	.374	.417
700,000	.115	.140	.205	.238	.287	.340	.383
800,000	.097	.120	.180	.211	.259	.310	.353
900,000	.083	.104	.159	.189	.235	.285	.328
1,000,000	.072	.090	.142	.171	.215	.264	.305
2,000,000	.024	.032	.058	.076	.104	.140	.173
3,000,000	.013	.016	.031	.042	.062	.088	.114
4,000,000	.008	.011	.019	.027	.040	.060	.081
5,000,000	.007	.008	.014	.019	.029	.044	.060
6,000,000	.006	.007	.010	.014	.021	.033	.047
7,000,000	.006	.006	.009	.011	.017	.026	.037
8,000,000	.005	.006	.007	.009	.014	.021	.031
9,000,000	.005	.005	.007	.008	.012	.018	.026
10,000,000	.005	.005	.006	.007	.010	.015	.022

* To be used in conjunction with Non-Federal classifications only

★ RETROSPECTIVE RATING PURE PREMIUM DEVELOPMENT FACTORS

With Loss Limit 1st Adj	2nd Adj	3rd Adj	Without Loss Limit 1st Adj	2nd Adj	3rd Adj	4th and Subsequent Adjustment
.31	.19	.12	.62	.46	.33	.00

★ EXCESS LOSS FACTORS FOR FEDERAL CLASSIFICATIONS

Per Accident Limitation	Hazard Groups II	Hazard Groups III	Hazard Groups IV
$ 25,000	283	335	359
30,000	270	323	351
35,000	258	312	341
40,000	248	302	331
50,000	231	285	317
75,000	198	252	283
100,000	176	225	258
125,000	159	205	235
150,000	144	189	219
175000	133	174	203
200,000	124	163	191
250,000	109	144	170
300,000	098	130	155
500,000	073	097	116
1,000,000	048	063	074

RETROSPECTIVE PREMIUM ENDORSEMENT
ONE-YEAR PLAN

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

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

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

A. Retrospective 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 retrospective premium rating, but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

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

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and Non-Federal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Premium Elective Elements

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

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

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

   Excess loss 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 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 retrospective premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

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

F. Cancellation

1. If any insurance subject to this endorsement is canceled, 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.

2. If we cancel for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

3. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.

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

4. Section F.3. 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; or,

   c. you retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Premium Endorsement__________________________

   ____

2. Loss Limitation:$_____________

3. Loss Conversion Factor_________

   Minimum Retrospective Premium Factor_________

   Maximum Retrospective Premium Factor_________

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

	50%	**100%**	**150%**
Estimated standard premium:	$ _______	$ _______	$ _______
Basic premium factor:	_______	_______	_______

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

TABLE OF STATES

State	Excess Loss 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

Notes:

1. This endorsement is to be used for a one-year rating plan period.

2. Identify by policy number any other policy to be combined with this policy for retrospective rating. Other policies should be endorsed with the Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement.

3. Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule. If a loss limitation was not elected, enter "none," "does not apply," or other appropriate text. If the limitation applies in some but not all states, name the state where it applies.

4. Use Item 3 of the Schedule to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.

5. Use Item 4 to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

6. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: "This Schedule includes the attached Table of States." The display of information on the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
THREE-YEAR PLAN

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

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

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

A. Retrospective 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 retrospective premium rating, but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

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

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and Non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Premium Elective Elements

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

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

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

Excess loss 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 factors, and the states where they apply are shown in the Schedule. Excess loss 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 retrospective premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement

E. Work In Other States

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

F. Cancellation and Nonrenewal

1. If any insurance subject to this endorsement is canceled or is 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.

2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1095 days).

3. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.

   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 premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1095 days).

4. Section F.3. will not apply if you cancel or do not renew because:

   a. all work covered by the insurance is completed;

   b. all interest in the business covered by the insurance is sold; or,

   c. you retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Premium Endorsement__________________________

   ____

2. Loss Limitation:$_____________

3. Loss Conversion Factor_________

   Minimum Retrospective Premium Factor_________

   Maximum Retrospective Premium Factor_________

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

	50%	100%	150%
Estimated standard premium:	$ _______	$ _______	$ _______
Basic premium factor:	_______	_______	_______

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

TABLE OF STATES

State	Excess Loss 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

Notes:

1. This endorsement is to be used for a three-year rating plan period.
2. Identify by policy number any other policy to be combined with this policy for retrospective rating. Other policies should be endorsed with Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement
3. Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule. If a loss limitation was not elected, enter *none," does not apply," or other appropriate text. If the limitation applies in some but not all states, name the states where it applies.
4. Use Item 3 of the Schedule to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.
5. Use Item 4 to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.
6. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: "This Schedule includes the attached Table of States." The display of information in the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
LONG-TERM CONSTRUCTION PROJECT

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

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

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

A. Retrospective 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 retrospective premium rating, but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

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

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and Non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Premium Elective Elements

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

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

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

Excess loss 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 factors, and the states where they apply are shown in the Schedule. Excess loss 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 retrospective premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

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

F. Cancellation and Nonrenewal

1. If any insurance subject to this endorsement is canceled or is 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.

2. If we cancel or do not renew because of nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.

3. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.

   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 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.

   Section F.3. will not apply if you cancel or do not renew because:

   a. all work covered by the insurance is completed;

   b. all interest in the business covered by the insurance is sold; or,

   c. you retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Premium Endorsement__________________________

   ____

2. Loss Limitation:$______________

3. Loss Conversion Factor_________

   Minimum Retrospective Premium Factor_________

   Maximum Retrospective Premium Factor_________

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

	50%	100%	150%
Estimated standard premium:	$ _______	$ _______	$ _______
Basic premium factor:	_______	_______	_______

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

TABLE OF STATES

State	Excess Loss 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

Notes:

1. This endorsement is to be used for a rating plan period equal to the duration of the long-term construction project described on the Information Page.

2. Identify by policy number any other policy to be combined with this policy for retrospective rating. Other policies should be endorsed with Retrospective Premium Endorsement (Short Form) to show that they are subject to this endorsement.

3. Show the amount of the loss limitation, if applicable, in Item 2 of the Schedule. If a loss limitation was not elected, enter "none," "does not apply," or other appropriate text. If the limitation applies In some but not all states, name the states where it applies.

4. Use Item 3 of the Schedule to show the loss conversion factor, minimum retrospective premium factor, and the maximum retrospective premium factor.

5. Use Item 4 to show basic premium factors for 50%, 100%, and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

6. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: "This Schedule includes the attached Table of States." The display of information in the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
AVIATION EXCLUSION

Premium and incurred losses arising out of an aviation classification listed in the Schedule are excluded from retrospective rating.

Schedule

Notes:

1. Use this endorsement if aviation exposures are not subject to retrospective rating.

2. List the applicable classifications in the Schedule.

RETROSPECTIVE PREMIUM ENDORSEMENT CHANGES

The Retrospective Endorsement attached to the policy is changed by the information shown in the Schedule.

Schedule

1. The Excess Loss Factor is changed as follows:

State	Excess Loss Factor	Effective Date

2. Retrospective Development Premium does not apply in these states:

3. The Retrospective Development Factors are changed as follows:

State	Retrospective Development Factors			Effective Date
	1st	2nd	3rd	

4. The Tax Multiplier is changed as follows:

Tax Multiplier

State	State (Other Than "F" Classes)	Federal ("F" Classes Only)	Effective Date

Notes:

1. Use Item 1 of the Schedule to show a change in the excess loss factor on an outstanding basis.
2. Use Item 2 of the Schedule to show that retrospective development factors do not apply in a particular state.
3. Use Item 3 of the Schedule to show retrospective development factors approved after the effective date of the policy.
4. Use Item 4 of the Schedule to show a change in the tax multiplier on an outstanding basis

RETROSPECTIVE PREMIUM ENDORSEMENT
NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE

This endorsement changes the Retrospective Premium Endorsement attached to the policy.

1. Standard premium excludes the portion of the premium that is determined by the application of a non-ratable catastrophe element in a rate or a non-ratable catastrophe surcharge required by our manuals. The classifications involving such premiums are listed in the Schedule.

2. Incurred losses do not include:

   a. the cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification for which our manuals contain a non-ratable catastrophe element.

   b. losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement.

Schedule

Notes:

1. Use this endorsement if the policy is retrospectively rated and covers operations or classifications that involve a non-ratable catastrophe element or surcharge. Examples include aircraft operations and explosives and ammunition manufacturing classifications. See the applicable Experience Rating Plan Manual.

2. Use the Schedule to list the classifications that affect this endorsement.

RETROSPECTIVE PREMIUM ENDORSEMENT
SHORT FORM

The premium for this policy will be determined by the retrospective premium endorsement forming a part of

policy number ____.

Notes:

1. If the insured has more than one policy subject to the same retrospective rating option, use this endorsement to identify the policy that carries the retrospective premium endorsement.

   Show that policy number in the space provided in this endorsement. Any other information necessary to identify that policy may be shown on this endorsement at the carrier's option.

2. If one-year policies are issued with a rating plan period longer than one year, this Short Form Endorsement should identify the first policy issued during the rating plan period because that policy is the only one to be endorsed with the three-year or long-term retrospective premium endorsement.

RETROSPECTIVE PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES

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

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

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

1. the premium for the insurance subject to retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium; and

2. the premium for the insurance not subject to retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.

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

A. Retrospective Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with exceptions. Standard premium does not include the expense constant charge, the premium discount credit or any other expense modification.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses 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, 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.

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and Non-Federal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Premium Elective Elements

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

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

   Excess loss factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss 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 retrospective premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum premium factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

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

F. Cancellation

1. If any insurance subject to this endorsement is canceled, 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.

2. If we cancel for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

3. If you cancel, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will also be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

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

4. Section F.3. 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; or,

   c. you retire from all business covered by the insurance.

Schedule

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

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

   List of Policies ______________________________
   ____
   ____
   ____
   ____
   ____

2. The plan does not apply to the premium for policies ______________________________ ______________________________ in the states of ____________ ______________________________

3. The 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 I 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
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________

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

5. Workers Compensation and Employers Liability Loss Limitation is $________________________

6. Combination Loss Limitation of $_____________________is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance______________________ ____

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

   Loss Limitation for_____________________ insurance is $________________________
   Loss Limitation for_____________________ insurance is $________________________
   Loss Limitation for_____________________ insurance is $________________________
   Loss Limitation for_____________________ insurance is $________________________

8. Loss Conversion Factor is____ ____ ____

9. Minimum Retrospective Premium Factor is____
   Maximum Retrospective 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, the basic premium factor will be recalculated.

	50%	**100%**	**150%**
Estimated Standard Premium			
Basic Premium Factor			

TABLE OF STATES

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

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

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

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

Note:

1. This endorsement is designed for a one-year rating plan period. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

2. If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

3. Show the amount of the loss limitation, if applicable, in Items 5, 6 and 7 of the Schedule. If a loss limitation was not elected, enter “none," “does not apply,” or other appropriate text. If the limitation applies in some states but not all the states, name the states where it applies.

4. Use Item 10 of the Schedule to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

5. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: “This Schedule includes the attached Table of States.” The display of information in the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
THREE-YEAR PLAN—MULTIPLE LINES

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

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

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

1. the premium for the insurance subject to retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium; and

2. the premium for the insurance not subject to retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.

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

A. Retrospective Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with exceptions. Standard premium does not include the expense constant charge, the premium discount credit or any other expense modification.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses 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, 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.

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and Non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Premium Elective Elements

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

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

   Excess loss factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss factors, and the states where they apply are shown in the Schedule. Excess loss 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 retrospective premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum premium factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

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

F. Cancellation and Nonrenewal

1. If any insurance subject to this endorsement is canceled or is 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.

2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1095 days).

3. If you cancel or do not renew, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will also be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1095 days).

4. Section F.3. will not apply if you cancel or do not renew because:

   a. all work covered by the insurance is completed;

   b. all interest in the business covered by the insurance is sold; or,

   c. you retire from all business covered by the insurance.

Schedule

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

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

   List of Policies ____
   ____
   ____
   ____
   ____
   ____

2. The plan does not apply to the premium for policies ______________________________ ______________________________ in the states of __________ ______________________________

3. The plan does not apply to the premium for Uninsured Motorist Insurance if afforded under the policies designated in Paragraph 1.

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

Coverage	**Limit of Liability**
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________
______________________	$ ______________________

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

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

5. Workers Compensation and Employers Liability Loss Limitation is $______________________

6. Combination Loss Limitation of $__________________is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance______________________
____

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

   Loss Limitation for____________________ insurance is $______________________
   Loss Limitation for____________________ insurance is $______________________
   Loss Limitation for____________________ insurance is $______________________
   Loss Limitation for____________________ insurance is $______________________

8. Loss Conversion Factor is____
____
____

9. Minimum Retrospective Premium Factor is_____________________________________
   Maximum Retrospective 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, the basic premium factor will be recalculated.

	50%	**100%**	**150%**
Estimated Standard Premium			
Basic Premium Factor			

TABLE OF STATES

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

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

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

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

Notes:

1. This endorsement is designed for a three-year rating plan period. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

2. If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

3. Show the amount of the loss limitation, if applicable, in Items 5, 6 and 7 of the Schedule. If a loss limitation was not elected, enter “none”, “does not apply" or other appropriate text. If the limitation applies in some states but not all states, name the states where it applies.

4. Use Item 10 of the Schedule to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

5. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: “This Schedule includes the attached Table of States.” The display of information in the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
LONG-TERM CONSTRUCTION PROJECT—MULTIPLE LINES

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

This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the construction 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 retrospective rating as shown In the Schedule and computed as explained in this endorsement and referred to as the retrospective premium; and

2. the premium for the insurance not subject to retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.

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

A. Retrospective Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with exceptions. Standard premium does not include the expense constant charge, the premium discount credit or any other expense modification.

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses 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, 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.

4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and Non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Premium Elective Elements

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

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

   Excess loss factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss factors, and the states where they apply are shown in the Schedule. Excess loss 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 retrospective premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

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

C. Retrospective Premium Formula

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

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.

2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum premium factors shown in the Schedule to the standard premium.

3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

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

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

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

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

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

F. Cancellation and Nonrenewal

1. If any insurance subject to this endorsement is canceled or is 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.

2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.

3. If you cancel or do not renew, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will also be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

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

4. Section F.3. will not apply if you cancel or do not renew because:

   a. all work covered by the insurance is completed;

   b. all interest in the business covered by the insurance is sold; or,

   c. you retire from all business covered by the insurance.

Schedule

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

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

   List of Policies ____
   ____
   ____
   ____
   ____
   ____

2. The plan does not apply to the premium for policies ______________________________
   ____ in the states of __________
   ____

3. The plan does not apply to the premium for Uninsured Motorist Insurance if afforded under the policies designated in Paragraph 1.

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

Coverage	Limit of Liability
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________
______________	$ ______________

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

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

5. Workers Compensation and Employers Liability Loss Limitation is $_________________________

6. Combination Loss Limitation of $_________________is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance____________________________
____

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

Loss Limitation for_______________________ insurance is $_________________________
Loss Limitation for_______________________ insurance is $_________________________
Loss Limitation for_______________________ insurance is $_________________________
Loss Limitation for_______________________ insurance is $_________________________

8. Loss Conversion Factor is____
____
____

9. Minimum Retrospective Premium Factor is____
Maximum Retrospective 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, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium			
Basic Premium Factor			

TABLE OF STATES

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

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

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

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

Notes:

1. This endorsement is designed for a rating plan period equal to the duration of the long-term construction project described in the Declarations or Information Page. For workers compensation and employers liability insurance, this endorsement is to be used for the Retrospective Rating Plan.

2. If two or more policies are included under the retrospective rating, one policy shall carry this endorsement and the other or others shall be endorsed with Retrospective Premium Endorsement (Short Form).

3. Show the amount of the loss limitation, if applicable, in Items 5, 6 and 7 of the Schedule. If a loss limitation was not elected, enter “none," “does not apply,” or other appropriate text. If the limitation applies in some states, but not all states, name the states where it applies.

4. Use Item 10 of the Schedule to show basic premium factors for 50%, 100% and 150% of estimated standard premium. Additional columns may be added to show the basic premium factor for other percentages of estimated standard premium.

5. The Table of States may be printed at the beginning or end of the Schedule or printed separately. If printed separately, an appropriate attachment clause should be included on the Schedule, such as: “This Schedule includes the attached Table of States.” The display of information in the Table of States may be rearranged by the company.

RETROSPECTIVE PREMIUM ENDORSEMENT
FLEXIBILITY OPTIONS

The Retrospective Premium Endorsement attached to the policy is changed by the information shown in the Schedule.

Schedule

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

   ____

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

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

APPENDIX

EXPLANATIONS AND ILLUSTRATIONS OF RETROSPECTIVE RATING AND HOW TO USE THE TABLE OF INSURANCE CHARGES

GENERAL EXPLANATION

The negotiating process between the insured and the insurance carrier is the basis on which retrospective rating provides flexibility so that the Plan may be designed to meet the needs and characteristics of a risk. As a result of this negotiation, minimum and maximum retrospective premium factors are established, as well as the loss conversion factor. Such selections are necessary for the determination of the other factors essential to the operation of Retrospective Rating. After these elements have been settled, the basic premium factor may be calculated and applied to the Standard Premium to produce the Basic Premium. The Basic Premium is the sum of certain insurance carrier expenses and a premium charge which reflects the selected premium limitations, the carrier's loss potential and possible profit or contingency.

How to Determine Factors for Retrospective Rating

The key to establishing the Basic Premium Factor for retrospective rating is the Table of Insurance
* Charges filed with the New York State Insurance Department. By expected loss groups, it indicates the factors to establish the premium charge that is vital to the determination of the basic premium factor. The use of the Table of Insurance Charges is accounted for in the following explanations and illustrations of how to determine the factors and other elements which are needed for the operation of the Plan.

NOTE: The procedures described in this Appendix are designed exclusively for workers compensation insurance. Rules for the application of retrospective rating to a combination of workers compensation insurance and other lines of casualty insurance are in the Retrospective Rating Plan issued by the Insurance Services Office.

A. Minimum Retrospective Premium Factor Maximum Retrospective Premium Factor

These are established by negotiations between the insured and insurance carrier.

B. Loss Conversion Factor

This is also established by negotiations; however, no loss conversion factor shall be used which is large enough to cause negative expenses in the Basic Premium.

C. Standard Premium

The estimated Standard Premium is determined according to the definition of Standard Premium in Rule II.E of Part One of this Plan.

D. Additional Premium Sizes

1. Calculate factors for 50%, 100% and 150% of the estimated Standard Premium and for any lower or higher premium sizes selected by agreement. The reason for determining such supplementary factors is the probability that the earned Standard Premium will be more or less than the estimated Standard Premium. If the earned Standard Premium is between the selected premium sizes, the Basic Premium Factor for the retrospective premium is based on straight line interpolation between the Basic Premium Factors, calculated on the estimated Standard Premiums.

2. If the earned standard premium is beyond the lowest or highest selected premium sizes, the Basic Premium Factors shall be recalculated.

E. Expected Losses

Determine expected losses by multiplying the estimated Standard Premium for each state in which the Plan applies by the expected loss factor shown on the state retrospective rating pages. Total expected losses are the sum of the expected losses for the states where the Plan applies.

F. Expense Allowance—Excluding Taxes

The Expense Allowance varies on the basis of the annual Standard Premium. Use the Table of Expense Ratios in Part Four—Premium Computation Tables as follows:

1. One-Year Plan
Multiply the Standard Premium by the corresponding expense ratio for that standard premium size.

2. Three-Year Plan
Determine the estimated annual Standard Premium for each of the three years and multiply each annual Standard Premium by the expense ratio corresponding to that premium size. The sum of the three products is the total expenses.

3. Premium Sizes Other Than 100% of Standard Premium:

The expense allowance is based on the percentage of annual Standard Premium represented by the premium size other than 100% of Standard Premium.

G. Tax Multiplier

Tax Multipliers are shown on the state retrospective rating pages, and apply separately by state. For an interstate risk, an average of the specified state tax multipliers weighted by the state standard premiums shall be used.

H. The Table of Insurance Charges

The Table of Insurance Charges is a fundamental table in the computation of factors for Retrospective Rating. This table shows by expected loss group:

1. A percentage of Standard Premium representing the premium charge for providing insurance against the probability that the losses of the risk may produce a premium greater than the selected maximum retrospective premium.

2. A percentage of the Standard Premium representing a premium saving to recognize the probability that the losses of the risk may produce a premium less than the selected minimum retrospective premium.

Determination of the proper charge and saving for application of the Plan depends on a testing process which is explained in the example which follows in this Appendix.

I. Total Expected Loss Ratio

Divide the total expected losses by the total Standard Premium to determine total expected loss ratio. *Refer to C above.*

J. Expected Limited Loss Ratio

Determine Expected Limited Loss Ratio by subtracting the excess loss factor from the expected loss ratio.

K. Basic Premium Factor

The Basic Premium Factor is the sum of the following two elements:

1. The expense in basic factor. This is the Expense Ratio *(Refer to F above)* reduced by the provision for expense in the Loss Conversion Factor. This reduction is illustrated by No. 7 in the example below.

2. The net insurance charge. Determine the difference between the charge for the limitation of the Plan premium to the maximum retrospective premium and the premium saving for limiting the Plan premium to the minimum retrospective premium. Then, multiply this difference

by the product of the expected loss ratio and the Loss Conversion Factor. This last calculation uses the probability of loss indicated in the Table of Insurance Charges to produce a factor applicable to standard premium as an element of the Basic Premium Factor.

Any other calculation may be used to determine the Basic Premium Factor provided the selected factor is not more than .005 different from the factor produced by the sum of 1 and 2 above.

For risks on a One-Year Plan, the insurance charges and savings used in obtaining the Basic Premium Factor are based on the annual estimated Standard Premium. For risks on a Three-Year Plan, the charges and savings are based an the estimated Standard Premium for three years. To determine factors for premium sizes for other than 100% of Standard Premium as provided in D above, use the percentage of annual Standard Premium represented by the premium size other than 100% of Standard Premium.

L. Excess Loss Factor

Excess Loss Premium is an additional elective element in the retrospective premium formula and is determined in accordance with Part Two I.C of this Plan.

M. Loss Elimination Ratio (LER)

Divide the Excess Loss Factor by Expected Loss Ratio to determine the Loss Elimination Ratio.

N. State and Hazard Group Differential

State and Hazard Group Differentials are found on the state retrospective rating pages. This differential is applied to the expected losses prior to selection of the Expected Loss Group. It reflects the effect of variation in loss severity on the insurance charge.

O. Loss Group Adjustment Factor

This factor is applied to the expected losses prior to selection of the Expected Loss Group. It is an adjustment reflecting selected loss limitations. This factor is determined by the following calculation: [1 + .8(LER)]/[1—LER].

AN EXAMPLE OF BASIC PREMIUM FACTOR DETERMINATION

The following example illustrates a generally accepted method of determining the Basic Premium Factor. Note the statement, in K above, regarding different methods that may be used to determine the Basic Premium Factor. The factors used in this example are for illustrative purposes only.

ASSUME THE PLAN AGREEMENT PROVIDES

A	Minimum Retrospective Premium Factor	60%
B.	Maximum Retrospective Premium Factor	130%
C.	Loss Conversion Factor	1.120
D.	Tax Multiplier	1.075
E.	Excess Loss Factor for $50,000 limit	.305
F.	State Hazard Group Differential	1.181
G.	Expense from Expense Ratio Table	.205

1.	Estimated Standard Premium	$500,000
2.	Expected Losses	$306,000
3.	Expected Loss Ratio	.612
4.	Expected Limited Loss Ratio ((3)—(E))	.307
5.	Expense and Profit or Contingency (Excluding Taxes) ((1) x G)	$102,500
6.	Expected Loss & Expense Ratio $\frac{((2) + (5))}{(1)}$	.817
7.	Loss & Expense in Converted Losses ((3) x (C))	.685
8.	Expense & Contingency in Basic Premium Factor (6) - (7)	.132
9.	Minimum Retrospective Premium Factor (Excluding Taxes) ((A)/(D))	.558
10.	Maximum Retrospective Premium Factor (Excluding Taxes) ((B)/D))	1.209
11.	Table of Insurance Charges - Value Difference $\frac{((6) - (9))}{(C) \times (4)}$	.753
12.	Table of Insurance Charges - Entry Difference $\frac{((10) - (9))}{(C) \times (4)}$	.189
13.	Ratio of Losses for Min. Retro Premium to Expected Limited Losses	.18
14.	Ratio of Losses for Max. Retro Premium to Expected Limited Losses	2.07
15.	Table of Insurance Charges - Premium Charge for (14)	.069
16.	Table of Insurance Charges - Premium Saving for (13)	.001
17.	Net Insurance Charge ((15) - (16)) x (4) x (C)	.023
18.	Basic Premium Factor (8) + (17)	.155

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

1. Estimated Standard Premium:

This is the annual or three-year standard premium. *Refer to Rule II-E of Part One of this Plan.*

2. Expected Losses:

The expected losses equal the estimated standard premium multiplied by the expected loss ratio, which is found on the state rate pages for retrospective rating values. *Refer to Part Four for Table of Expected Loss Ranges.* For an interstate risk, the expected losses equal the sum of the products of the estimated standard premium for each state and the corresponding expected loss ratio for each state. For the purposes of this example, it has been assumed that the risk is intrastate with an expected loss ratio of .612 which produces expected losses of $306,000 ($500,000 x .612).

3. Total Expected Loss Ratio:

This is the expected loss ratio for the risk obtained by dividing the total expected losses for all states covered by the Plan by the total standard premium.

4. Expected Limited Loss Ratio (ELLR):

This ratio is determined by subtracting the excess loss factor from the expected loss ratio.

5. Expense and Profit or Contingency—Excluding Taxes

The expense and profit or contingency (excluding taxes) is determined, for a one-year plan, by multiplying the standard premium by the expense ratio found in either the Stock or Non-Stock "Tables of Expense Ratios". *Refer to Part Four—Premium Computation Tables.* For three-year plans, values are determined similarly for each of the years based on each annual estimated Standard Premium, and the sum of these values is the provision for expense and profit or contingency. The value for expenses shown in this example is equal to $102,500 ($500,000 x .205). Note that the Tables of Expense Ratios, and other factors used in the calculations, are subject to revision in accordance with modifications adopted by the Rating Board, National Council on Compensation Insurance or other licensed rating organizations. Therefore, care should be taken to use current ratios and factors when preparing a Plan calculation.

6. Expected Loss and Expense Ratio

This ratio is obtained by dividing the expected losses plus the expenses and profit or contingency (excluding taxes) by the Standard Premium.

7. Loss and Expense in Converted Losses

This factor, which expresses the ratio of expected losses and expense to estimated Standard Premium, is the product of the expected loss factor and the loss conversion factor.

8. Expense and Profit or Contingency in Basic Premium

The difference between the factor in Item 6, representing the total net premium provision for the risk under the Plan, and the factor in Item 7, representing expected losses and loss adjustment expense associated with insuring the risk, is the expense and contingency amount which must be included in the basic premium.

9. Minimum Retrospective Premium Factor—Excluding Taxes

10. Maximum Retrospective Premium Factor—Excluding Taxes

11. Table of Insurance Charges—Value Difference

12. Table of Insurance Charges—Entry Difference

These four items are determined in a way designed to facilitate the testing process by which the Basic Premium Factor is established. The factors entered for these items are obtained as indicated in the above example.

Item (11), Table of Insurance Charges-Value Difference, equals the difference between the Table charge for the entry ratio from which the savings is taken and the Table charge for the entry ratio from which the charge is taken. Item (12), Table of Insurance Charges-Entry Difference, equals the difference between the entry ratios that determine the savings and charge for the risk.

To use the Table of Insurance Charges, find the loss group in the Expected Loss Ranges in the Table containing the adjusted expected loss value. The adjusted expected loss value is Item (2) multiplied by the State and Hazard Group Differential times the Loss Group Adjustment Factor.

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

$$F = \frac{1 + (.8)\,(LER)}{1 \;\&\; LER},$$

where the LER = ELF ÷ Item (3)

= .498

$$F = \frac{1 + (.8)\,(.498)}{1 \;\&\; (.498)} = 2.786$$

S/H Differential = 1.181

The loss group is 26 (Group that contains 1,006,821 (=306,000 x 2.786 x 1.181))

Then choose two "Entry Ratios" from the Expected Loss Group in the table with a difference equal to Item 12. Make this choice so that the difference in the charges for the Expected Loss Group and for the selected entries most closely approximates Item 11.

To illustrate this testing procedure, several entry ratios and their corresponding charges in Group 26 are shown below:

Entry Ratio	Charges (Group 26)
.17	.831
	.001*
.18	.821
	.001*
.19	.811
	.001*

*Savings

Entry Ratio	Charges (Group 26)
2.06	.069
2.07	.069
2.08	.068

Choose and list pairs of entry ratios with a difference equal to Item (12), in this case 1.89, and note the respective difference in these charges, which should be equal to (11) or .753.

(2.06 - .17) = 1.89
(2.07 - .18) = 1.89
(2.08 - .19) = 1.89
(.831 - .069) = .762
(.821 - .069) = .752
(.811 - .068) = .743

The pair of entry ratios whose charge difference most closely approximates Item (11) is recorded under Items (13) and (14).

13. Ratio of Losses Producing Minimum Retrospective Premium to Expected Losses:

14. Ratio of Losses Producing Maximum Retrospective Premium to Expected Losses:

These two Items are the pair of Table entry ratio values determined by the process outlined previously.

15. Premium Charge for (14)

Given the loss group adjustment factor F, this is the premium charge for losses in excess of those provided by the maximum retrospective premium. It is obtained by reading from the table as shown under Item (12).

16. Premium Saving for (13)

This is the premium saving for losses less than those which would produce the minimum retrospective premium. The values for premium savings are listed directly beneath the charge values in the Table of Insurance Charges. In this example, the saving of .001 for entry ratio .18 (Item 13) in Group 26 is found directly beneath the charge value of .821.

17. Net Insurance Charge

The net insurance charge is determined by calculating the difference between the charge for possible losses which might produce more than the maximum retrospective premium and the saving for losses which might produce less than the minimum retrospective premium, and then multiplying that difference by the product of the expected loss ratio and the loss conversion factor.

18. Basic Premium Factor

The Basic Premium Factor is the sum of the net insurance charge and the expenses and profit or contingencies in the Basic Premium expressed as a percentage of the Standard Premium. The Standard Premium multiplied by the Basic Premium Factor produces the Basic Premium used in computing the Retrospective Premium.

FILING REQUIREMENTS

Forms and other information on Retrospective Rating as specified below shall be addressed to:

The New York Compensation
Insurance Rating Board
ATTN: Retrospective Rating Division
200 East 42nd Street
New York, New York 10017

1. Notification of Coverage

A. New York Plans

Send one copy of the Notification of Coverage to the New York Compensation Insurance Rating Board for all intrastate plans which include only the State of New York.

B. Interstate Plans

Send one copy of the Notification of Coverage to the New York Compensation Insurance Rating Board for all interstate plans.

2. Application For Approval of Proposed Retrospective Rating Values

A. New York Plans

Send one copy of the application form RR-1D (Rev.93) to the New York Compensation Insurance Rating Board.

B. Interstate Plans

Send one copy of the application form RR-1D (Rev.93) to the New York Compensation Insurance Rating Board for all plans which include the State of New York.

i **3. New York Large Risk Rating Option**

Send one copy of the Notice of Election-New York Large Risk Rating Option (form NYLR-1) to the New York Compensation Insurance Rating Board for all plans which include the State of New York when this option is elected. No other retrospective rating forms are required to be submitted to the Rating Board when using this option.

17. Net Insurance Charge

The net insurance charge is determined by calculating the difference between the charge for possible losses which might produce more than the maximum retrospective premium and the saving for losses which might produce less than the minimum retrospective premium, and then multiplying that difference by the product of the expected loss ratio and the loss conversion factor.

18. Basic Premium Factor

The Basic Premium Factor is the sum of the net insurance charge and the expenses and profit or contingencies in the Basic Premium expressed as a percentage of the Standard Premium. The Standard Premium multiplied by the Basic Premium Factor produces the Basic Premium used in computing the Retrospective Premium.

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APPLICATION FOR APPROVAL OF PROPOSED RETROSPECTIVE RATING VALUES

Name of Insured ____________________ Term of Plan ____________

Carrier ____________________ Effective Date ____________

(a) TAX MULTIPLIER—	TOTAL STANDARD PREMIUM			(e)	(f) 50%	(g) 100%	(h) 150%	(i)
	1 One or Three Year Term							
WORKERS COMP. LOSS LIMITATION—	2 MAXIMUM PREMIUM FACTOR							
	3 MINIMUM PREMIUM FACTOR							
TYPE OF INSURANCE	(b) ANNUAL PREMIUM	(c) ANNUAL EXPECTED	(d) LOSS CONV.	**BASIC PREMIUM FACTORS (Excluding Loss Limitation Charges)**				
4 WORKERS COMP. N.Y.								
5 WORKERS COMP. PA.								
6 WORKERS COMP. TEXAS								
7 WORKERS COMP. A/O								
8								
9								
10								
11								
12 AUTO S.B.I. MASS.								
13 AUTO N.S.B.I. MASS.								
14 AUTO TEXAS								
15 AUTO A/O								
16								
17								
18								
19 LIABILITY TEXAS								
20 LIABILITY A/O								
21								
22								
23								
24								
25								
26 AUTO PHYS. DAMAGE TX								
27 AUTO PHYS. DAMAGE A/O								
28								
29 OTHER COMM. CAS. INS.								
30								
31								
32 TOTAL & AVERAGE RATIOS								

ANNUAL STANDARD PREMIUM—TAX MULTIPLIERS—HAZARD GROUPS

STATE	WORKERS COMP.	TAX	HAZARD*	STATE	WORKERS COMP.	TAX	HAZARD*

* Show Hazard Group which produces largest estimated premium by State.

Note: If expense modification permitted in certain states has been applied, give details here.

This Notification of Coverage shall be sent to the New York Compensation Insurance Rating Board not later than 60 days after Plan effective date shown below:

RETROSPECTIVE RATING PLAN
NOTIFICATION OF COVERAGE

NAME OF INSURED____

CARRIER____

POLICY NUMBER(S)_________________________ PLAN EFFECTIVE DATE___________________

States to Which Plan Applies	Estimated Annual Standard Premium	Class Code Number*	If information differs by state, then record only difference in these columns.		
			Name of Insured by State	Policy Number	Effective Date

* Show class which produces the largest amount of estimated premium.

This Plan shall apply in any other states where available to any operations conducted during the rating period unless specified in Item 6.

(1) Indicate:

A. Minimum Premium Factor__________
B. Maximum Premium Factor__________
C. Loss Conversion Factor____________

(2) Indicate:

A. Expected Loss Ratio__________
B. SHGD Factor_______________
C. ICELF Factor_______________

(3) Term of Plan (circle one)

1 Year - 3 Years - Long-Term Construction Project - Wrap-Up

(4) Loss Limitation Selected (if applicable)________________

(5) Do Retrospective Development Factors apply? __ yes __ no

(6) Indicate any Exceptions or Special Conditions:

This Notification of Coverage is based on the insured's election to be subject to the Plan and the carrier's acceptance of election having been executed and retained in the carrier's file.

_________________________________ Signature

_________________________________ Date Signed

**NOTICE OF ELECTION
OF
RETROSPECTIVE RATING PLAN**

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

The Plan shall apply to all policies indicated below effective________________________________

1. Name of Insured ____

2. Address of Insured ____

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

   __________________________________ __________________________________

   __________________________________ __________________________________

4. Indicate:

   A. Minimum Premium Factor____________
   B. Maximum Premium Factor____________
   C. Loss Conversion Factor______________

5. Indicate:

   A. Expected Loss Ratio____________
   B. SHGD Factor_________________
   C. ICELF Factor_________________

6. Term of Plan (indicate A, B or C)

   A. 1 Year or 3 Year
   B. Long-Term Construction Project (enter details in 9)
   C. Wrap-up Construction Project (enter details in 9)

7. Loss Limitation (if applicable) __________________

8. Do Retrospective Development Factors apply? **9** yes **9** no

9. Indicate any special conditions which apply to the Plan elected for this insured:_______________

____

____

____ ______________________________
Signature of Insured Date Signed
(Proprietor, Partner, or Authorized Officer of Corporation)

Note: This letter is subject to the Retrospective Rating Plan(s) in effect.

NOTICE OF ELECTION
OF
RETROSPECTIVE RATING PLAN
NEW YORK LARGE RISK RATING OPTION

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

1. Name of Insured ____________________

2. Address of Insured ____________________

3. Name of Carrier ____________________

4. Policy Number(s) ____________________

5. Effective Date of Plan __________

6. Term of Plan (Check One) ______ One-Year ______ Three-Year ______ Wrap-up

7. Line(s) of Insurance ____________________

8. a. Estimated Annual New York WC Standard Premium $ __________

   b. Estimated Annual WC Standard Premium for States Other Than NY $ __________

   c. Estimated Annual Premium for All Lines Other Than WC $ __________

9. Retrospective Rating Values

   a. Maximum Premium Factor (or Maximum Ratable Incurred Loss Rate) __________

   b. Minimum Premium Factor (or Minimum Ratable Incurred Loss Rate) __________

   Minimum/Maximum Exposure Base __________

   c. Net Variable Expense Factor (or Loss Conversion Factor) __________

   d. Tax Multiplier __________

   e. WC Loss Limitation Factor __________ $Loss Limit________

   Other than WC Loss Base __________ $Loss Limit_______

   Loss Limitation Exposure Base __________

   f. Basic Expense Factor (Fixed Expense Factor) __________

   Basic Expense Exposure Base __________

   g. Retrospective Development Factors Applicable __________ Yes ___ No ___

10. Special Conditions ____________________

____

______________ ______________ ______________
Signature of Insured Date Signed Signature of Carrier Representative

NYLR-1 (1996)

A

B

C

D

E

F