BULLETIN

August 7, 2014

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R.C. 2368

To: The Members of the Board

New York Retrospective Rating Plan Manual

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Countrywide Policy Forms & Discontinuance of Per Passenger Seat Surcharge
Effective Date: January 1, 2015

In accordance with the authorization of the Underwriting Committee and approval by the New York State Department of Financial Services, amendments to Rating Board manuals are being implemented regarding countrywide updates filed by the National Council on Compensation Insurance (NCCI). These changes include the adoption, by the Board, of modified language regarding the Federal Mine Safety and Health Act references and the discontinuation of the Per Passenger Seat Surcharge. The changes are being implemented with an effective date of January 1, 2015.

For additional background on these changes, attached are exhibits which summarize the NCCI Item Filings. The first exhibit explains the updates necessary for the endorsements and policy forms. The second exhibit provides the reasoning and justification for the Per Passenger Seat Surcharge discontinuation.

To accommodate these changes, a number of pages in the New York Workers Compensation and Employers Liability Manual, the New York Retrospective Rating Plan Manual and the New York Experience Rating Plan Manual have been updated. The following is a listing of the modified manual pages, as provided below, in the order in which they would appear in the manual:

New York Workers Compensation and Employers Liability Manual
• Manual Pages
  ▪ Rule I – R-1
  ▪ Rule VI – R-37
  ▪ Rule VII – R-46
  ▪ Rule XII – R-81
  ▪ Rule XIII – R-82 and R-83
  ▪ Appendix C – Premium Algorithm – AC-2, AC-3, AC-5 and AC-6
  ▪ Classifications – C-9
  ▪ Classification Index – C-45
New York Retrospective Rating Plan Manual

- Manual Pages
  - Rule 1 – General Explanation – Pages R-1 and R-2
- Endorsements - Retrospective Rating Plan Premium Endorsements
  - WC 00 05 03 C - One-Year Plan
  - WC 00 05 04 C - Three-Year Plan
  - WC 00 05 05 C - Wrap-Up Construction Project
  - WC 00 05 10 B - Non-Ratable Catastrophe Element or Surcharge
  - WC 00 05 12 C - One Year Plan–Multiple Lines
  - WC 00 05 13 C - Three-Year Plan-Multiple Lines
  - WC 00 05 14 C - Wrap-Up Construction Project-Multiple Lines


- Manual Pages
  - Rule 2 – Page R-5
  - Rule 5 – Page R-25 through R-30

The effective date of January 1, 2015 was selected allowing for sufficient time to implement these changes and the updating of systems to accommodate this new program.

Included with the bulletin are the revised manual pages as outlined above reflecting these changes. The changes are also reflected in an updated version of the New York Workers Compensation & Employers Liability Manual which is available on the Board’s website at: www.nycirb.org.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.
Explanation of Countrywide Forms Update Adoption

The basis for the updates of these endorsements and rules changes coincides with the adoption of NCCI’s Countrywide filed items B-1426 and P-1411.

The following is a summary of these changes:

- Revises references to the Federal Coal Mine Safety and Health Act – these references are being updated to conform with the name of the current Act, which is the Federal Mine Safety and Health Act (ACT). The name of the current Act of 1977, which amended the Federal Coal Mine Health and Safety Act of 1969.
- The formatting of certain statutory citations in the Policy form and a limited number of endorsements are being updated for the Policy (WC 00 00 00 B) and the Outer Continental Shelf Lands Act Coverage Endorsement (WC 00 01 09 B)
- Revisions to the Policy (WC 00 00 00 B) and Maritime Coverage Endorsement (WC 00 02 01 A) are made as a result of a United States Supreme Court Decision (*Atlantic Sounding Co. Inc. et al. v. Townsend*, 557 U.S. 404, 2009), related to punitive damages awarded for the employer's willful withholding of maintenance and cure.
  - The Policy Part Two C. 10, excludes bodily injury to a master or member of the crew of any vessel. This exclusion is revised to exclude punitive damages related to the policyholder’s duty to provide transportation, wages, maintenance, and cure.
  - The Maritime Coverage Endorsement is amended to add language that excludes punitive damages related to the employer’s transportation, wages, maintenance, and cure obligation, regardless of whether premium is paid for such coverage.
- Revision to Information Page Notes (WC 00 00 01 A) to remove the word ‘Standard.’
- Excludes fully fraudulent and/or non compensable claims from the definition of incurred losses in the retrospective rating plan formula. Retrospective rating adjusts policy premium of the basis of incurred losses during the term of the policy. It has been determined that fully fraudulent claims, and/or noncompensable claims, should be excluded from the incurred losses used in the retrospective rating plan (where applicable). Currently, fully fraudulent and/or noncompensable claims are excluded and will continue to be excluded from experience rating when reported. The exclusion of these types of claims from retrospective rating will be consistent with the exclusion of these types of claims for experience rating purposes.
Elimination of Passenger Seat Surcharge

NCCI has recently implemented countrywide items (File numbers: B-1426 and P-1411), which included the elimination of the ‘per passenger seat surcharge.’

The ‘per passenger seat surcharge’ is applied to policies with Code 7421 “Aviation-Transport of Personnel In Conduct of Employers Business-Flying Crew.” The Aviation Premium Endorsement (WC 00 04 01 A) is attached to policies with Code 7421 and shows the additional premium required for Code 7421 resulting from the application of the ‘per passenger seat surcharge.’ The ‘per passenger seat surcharge’ and any associated losses are reported under Statistical Code 9108 “Aircraft Operation Seat Surcharge.”

BACKGROUND

The ‘per passenger seat surcharge’ was established by the NCCI in 1947, concurrent with the introduction of Classification Code 7421—Aircraft or Helicopter Operation — Transportation of Personnel in Conduct of Employer’s Business—Flying Crew. The purpose of the per passenger seat surcharge is to provide a catastrophe load for the exposure of an insured’s employees (other than flight crew) who may be injured while passengers on the insured’s noncommercial, nonscheduled aircraft. The surcharge is applied to policies with Classification Code 7421 and must be charged in addition to the premium otherwise determined under Classification Code 7421. At its inception with NCCI, the surcharge was $35 per passenger seat, subject to a maximum of $300 per aircraft. Currently, the ‘per passenger seat surcharge’ is $100 per passenger seat, subject to a maximum of $1,000 per aircraft.

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

Aircraft losses have historically been reported to Statistical Code 9108, which is excluded from NYCIRB’s ratemaking procedure. Since the ‘per passenger seat surcharge’ was introduced, procedures for capping large losses are included in both NYCIRB’s experience rating and class ratemaking procedures to temper the impact of single large loss claims and multi-claim occurrences.

Individual claims and multi-claim occurrences are also limited for purposes of calculating experience rating modifications. These limits are shown in the table of weighting values located in NYCIRB’s Experience Rating Plan Manual. Losses arising from the terrorist attacks of September 11, 2001 are also excluded from experience rating per Rule 1-C-4 of NYCIRB’s Experience Rating Plan Manual.

As a result, the ‘per passenger seat surcharge’ is being discontinued for the following reasons:

- In recent years, a minimal amount of premium (i.e., less than $100,000 per year) has been reported under Statistical Code 9108.
- Aircraft loss events are rare and the outcomes are uncertain.
- Aircraft losses should be included in ratemaking since a large loss procedure and catastrophe provisions are now in place.
Elimination of Passenger Seat Surcharge

- The ‘per passenger seat surcharge’ does not address situations in which the insured has a separate legal entity solely for the aircraft exposure.

IMPLEMENTATION

To implement the elimination of the per passenger seat surcharge, the surcharge premium will no longer be collected and aircraft losses will begin to be reported to the applicable classification code, instead of a statistical code (Statistical Code 9108), concurrent with the elimination of the surcharge. All else being equal, this will initially cause a slight decrease in premium. In addition, the aircraft losses will be included in the experience used to calculate a risk’s experience rating modification. This would create an approximate two-year time lag between the effective date of the elimination of the surcharge and the date that the aircraft losses would be incorporated into future loss costs/rates and experience rating modifications. All else being equal, this will cause a slight increase in premium in approximately two years. While aircraft losses would be included in a risk’s experience rating modification, these losses would be subject to the single-claim and multiple-claim loss limitations.

In summary, this implementation reflects the elimination of the per passenger seat surcharge, along with the withdrawal of Statistical Code 9108 and endorsement WC 00 04 01 A, and amendments to the footnote of Code 7421.
PART ONE—RULES

RULE I - GENERAL

A. WORKERS COMPENSATION

Workers Compensation as used in this manual means workmen's compensation, workers compensation or occupational disease.

B. STANDARD POLICY

Standard Policy means the standard provisions Workers Compensation and Employers Liability Insurance Policy and the Information Page approved by the New York State Department of Financial Services. Every policy affording coverage under the New York Workers' Compensation Law must have the following endorsements attached:

- WC 31 03 08 - New York Limit of Liability Endorsement;
- WC 31 03 19G - New York Construction Classification Premium Adjustment Program Explanatory Endorsement;
- WC 00 04 14 - Notification of Change in Ownership
- WC 00 04 19 - Premium Due Date Endorsement;
- WC 00 04 21C - Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement
- WC 00 04 22A - Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

★ Exception: The Standard Policy (WC 00 00 00C) shall not be used to provide coverage for employees subject to the New York Volunteer Firefighters' Benefit Law or the New York Volunteer Ambulance Workers' Benefit Law. Such coverage can be afforded only by means of a Volunteer Firefighters' Benefit Law Policy (WC 31 00 00A) or a Volunteer Ambulance Workers' Benefit Law Policy (WC 31 00 02A), respectively.

C. ENDORSEMENT FORMS

Endorsement forms means authorized endorsements listed in the Alphabetical List of Endorsements in Part Four of this manual. All endorsements must be used in the form prescribed in this manual.

D. POLICY AND ENDORSEMENT FORMS

Refer to the Policy Forms and Authorized Endorsement section of this manual for a complete description of coverages and instructions on use of policy and endorsement forms.

E. APPLICATION OF MANUAL RULES

Rules apply separately to each policy, except as allowed by Rule VII - Premium Discount.

F. EFFECTIVE DATE

1. Manual

This manual applies only from the anniversary rating date which occurs on or after the effective date of this manual.
RULE VI–RATES AND PREMIUM DETERMINATION
Item 4 of the Information Page–continued

A. RATES

1. Definition

   The rate for a given classification is the charge for each $100 of payroll.

   Exceptions: The premium for all classifications is determined on the basis of payroll except for
   the following:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Premium Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Workers Code 0908, 0909, 0912, 0913</td>
<td>Per Capita</td>
</tr>
<tr>
<td>Building Operations Code 9027</td>
<td>Per Location</td>
</tr>
<tr>
<td>Volunteer Firefighters</td>
<td>Population</td>
</tr>
<tr>
<td>Code 7711</td>
<td>Per Policy</td>
</tr>
<tr>
<td>Code 7716</td>
<td>Per Ambulance</td>
</tr>
<tr>
<td>Volunteer Ambulance Service Company Code 7370</td>
<td>Per Ambulance</td>
</tr>
</tbody>
</table>

2. Show Carrier Approved Rate in Item 4 of the Information Page (WC 00 00 01B)

   For each classification shown in Item 4, the carrier’s approved rate shall be stated in the column
   heading “Rate per $100 of Remuneration.”

3. (a) Rates

   The symbol (a) in the loss cost column on the Loss Cost pages means the loss cost for that
   classification must be obtained from the Rating Board. Subsequent to obtaining the loss cost, the
   carrier will apply their approved loss cost multiplier to determine the final rate.

4. Non-Ratable Elements

   Some classifications require a non-ratable element. A separate statistical code number is assigned
   for each non-ratable element. This Statistical code and corresponding charge are applied in addition
   to the basic classification when determining premium.
RULE VII—PREMIUM DISCOUNT
Item 4 of the Information Page—continued

A. EXPLANATION

Premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies. Premium discount is a per policy charge and is calculated based upon the policy standard premium regardless of any change in anniversary rating date or a mid-term change in the carrier’s expense provision.

B. DEFINITIONS

1. Standard Premium

Standard premium is the premium before the premium discount. For the purposes of this rule, the premium is determined on the basis of authorized carrier rates, any experience rating or merit rating modification, credits under the New York Construction Classification Premium Adjustment Program, surcharges and credits under the Workplace Safety Programs and other programs as shown in Appendix C, non-ratable elements as defined in Rule VI.A.4, premium for increased limits of liability and carrier minimum premiums. The carrier expense constant, the New York State Assessment, the Workers’ Compensation Security Fund Surcharge and the additional charges for the catastrophe provisions as shown in Rule IX.N shall be excluded from determination of the standard premium.

2. Total Standard Premium

Total standard premium means the total premium for all states covered by the policy.

3. Insured

Insured means a single entity or two or more legal entities eligible for combination under the New York Experience Rating Plan Manual.

C. RETROSPECTIVE RATING

Any standard premium under a retrospective rating plan is not subject to premium discount.

D. DETERMINATION OF PREMIUM DISCOUNT

If a policy develops total standard premium in excess of $5,000, the standard premium is subject to premium discount as follows:

1. Without Retrospective Rating

   a. Single State Policy

      If a policy provides coverage only in New York, the carrier shall apply a premium discount as approved by the Department of Financial Services.
To provide such insurance, a standard provisions Workers Compensation and Employers Liability Policy shall be used with the Outer Continental Shelf Lands Act Coverage Endorsement (WC 00 01 09C).

3. **Premium Determination**

For insurance under extensions of the USL&HW Act, determine premium as provided in Rule XII.D.
RULE XIII–THE ADMIRALTY LAW AND THE FEDERAL EMPLOYERS' LIABILITY ACT

A. ADMIRALTY LAW

1. General Explanation

Masters and members of the crews of vessels are not covered under state workers compensation laws nor under the USL&HW Act. They are subject to admiralty law and, if injured, have the right to sue their employers for damages in the Admiralty Courts where the proceeding is in the nature of an employers' liability suit. They also have the right to transportation, wages, maintenance and cure. Such seamen are subject to a Federal law, the Merchant Marine Act of 1920, known as the Jones Act (46 U.S. Code, Section 688, 1970), which applies the provisions of the Federal Employers' Liability Act to seamen. Every person employed on board a vessel is deemed to be a seaman if connected with the operation or welfare of the vessel while in navigable waters. Usually, navigable waters are defined as those which form a continuous highway for interstate or international commerce.

2. Description of Coverage Programs

The Standard Policy may be used to provide insurance for liability under one or more state workers compensation laws and also for liability under admiralty law. There are two programs to furnish such insurance:

a. Program I

Provides coverage for statutory liability under the workers compensation law of any state designated in Item 3 of the Information Page, and employers liability for damages under admiralty law subject to a standard limit of $100,000.

b. Program II

Provides the same coverage as Program I, but with the addition of voluntary compensation. Under Program II, the insurance carrier will offer a settlement of a claim strictly in accord with the statutory benefits provided in the workers compensation law designated in the Voluntary Compensation and Employers Liability Coverage Endorsement (WC 00 03 11A) attached to the policy as if the claim were subject to such law instead of subject to the laws of negligence. If the offer of settlement is rejected, employers liability then applies to such claim or suit, with the same standard limit as for Program I.

3. Coverage Endorsements

a. Admiralty Law

To provide Program I for admiralty law, attach the Maritime Coverage Endorsement (WC 00 02 01B). To provide Program II for admiralty law, also attach the Voluntary Compensation Maritime Coverage Endorsement (WC 00 02 03).

b. Admiralty Law Coverage Option

The Maritime Coverage Endorsement excludes liability to provide transportation, wages, maintenance and cure.
c. **USL&HW Act**

When insurance is provided for liability under admiralty law, insurance for liability under the USL&HW Act also may be necessary. To provide such insurance, attach the Longshore and Harbor Workers' Compensation Act Coverage Endorsement (WC 00 01 06A).

4. **Limits of Liability**

a. **Standard Limit**

The standard limit of liability under Part Two—Employers Liability Insurance for admiralty Program I or II is $100,000.

(1) **Accident Limit**

The limit of liability applies to all bodily injury arising out of any one accident.

(2) **Disease Limit**

The limit of liability also applies as a separate aggregate limit for all bodily injury by disease. The aggregate limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page.

(3) **Show Limits on Endorsement**

These limits of liability must be stated in the Maritime Coverage Endorsement (WC 00 02 01B).

b. **Increased Limits**

Increased limits of liability under Part Two—Employers Liability Insurance are available. The total premium, including increased limits, shall be determined by applying the factor in the following Table For Increased Limits to the total premium for admiralty classifications under Programs I or II before application of:

(1) Carrier expense constant
(2) Experience rating or merit rating modification
(3) Carrier premium discount
(4) Retrospective rating adjustment.

The premium for increased limits is subject to an experience or merit rating modification.
<table>
<thead>
<tr>
<th>Sequence of Presentation &amp; / or Calculation</th>
<th>Statistical Codes</th>
<th>Premium Element Name</th>
<th>Calculation Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>9841</td>
<td>Drug-Free Workplace Credit</td>
<td>As per carrier filing (subject to experience rating)</td>
</tr>
<tr>
<td>18</td>
<td>9606</td>
<td>Repatriation Expense Premium</td>
<td>Flat charge as per Rule VIII-D.4. of the NYWC&amp;EL Manual</td>
</tr>
<tr>
<td></td>
<td>None</td>
<td>TOTAL SUBJECT PREMIUM</td>
<td>Sum of Manual Premium for all classifications + lines 7 thru 18</td>
</tr>
<tr>
<td>19</td>
<td>None</td>
<td>Experience Modification</td>
<td>As per Experience Rating Plan; Promulgated by NYCIRB for intra-state risks; by NCCI for inter-state risks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TOTAL MODIFIED PREMIUM</td>
<td>Total Subject Premium x Experience Modification</td>
</tr>
<tr>
<td>20</td>
<td>9885, 9886, 9896</td>
<td>Merit Rating Adjustment</td>
<td>Total Subject Premium x Merit Rating Factor; Factor calculated by NYCIRB</td>
</tr>
<tr>
<td>21</td>
<td>9046</td>
<td>New York Construction Classification Premium Adjustment Program (NYCCPAP)</td>
<td>Total Modified Premium x NYCCPAP Factor; Factor calculated by NYCIRB</td>
</tr>
<tr>
<td>22</td>
<td>9846</td>
<td>Drug-Free Workplace Credit</td>
<td>As per carrier filing (not subject to experience rating)</td>
</tr>
<tr>
<td>23</td>
<td>9874</td>
<td>Managed Care/PPO Premium Credit</td>
<td>As per carrier filing</td>
</tr>
<tr>
<td>25</td>
<td>Various</td>
<td>Non-ratable elements</td>
<td>Payroll x Applicable Rate / 100</td>
</tr>
<tr>
<td>26</td>
<td>9985</td>
<td>Radiation Exposure NOC</td>
<td>Supplemental rate x Payroll for operations subject to radiation exposure / 100.</td>
</tr>
</tbody>
</table>

★ 27 9663

Deductible Premium Credit (After Experience Modification) | As per carrier filing with the Department of Financial Services. |
★ 28 0931

Short Rate Cancellation Penalty | As per Rule X-D of the NY WC&EL Manual. |
★ 29 0990

Minimum Premium Balance Amount | Amount required to balance to risk minimum premium |
★ 30 9849

Employers Liability Increased Limits Minimum Premium - Admiralty or FELA Coverage | Minimum Premium less Increased Limits Premium if applicable |
★ 31 9034, 9036

Rate Deviation - Method 3 (After Experience Modification) | (Modified Premium plus statistical codes not subject to experience rating) x deviation factor; not applicable as of 10/1/08 |
<table>
<thead>
<tr>
<th>Sequence of Presentation &amp; / or Calculation *</th>
<th>Statistical Codes</th>
<th>Premium Element Name</th>
<th>Calculation Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ 32</td>
<td>9753</td>
<td>WSLPIP Drug &amp; Alcohol Prevention Program Credit</td>
<td>Total modified premium per Rule VI K. of the WC&amp;EL Manual x Drug &amp; Alcohol Prevention Credit Factor</td>
</tr>
<tr>
<td>★ 33</td>
<td>9743</td>
<td>WSLPIP Return-To-Work Program Premium Credit</td>
<td>Total modified premium per VI K. of the WC&amp;EL Manual x Return-To-Work Credit Factor</td>
</tr>
<tr>
<td>★ 34</td>
<td>9748</td>
<td>WSLPIP Safety Incentive Program Premium Credit</td>
<td>Total modified premium per VI K. of the WC&amp;EL Manual x Safety Incentive Credit Factor</td>
</tr>
<tr>
<td></td>
<td>None</td>
<td>TOTAL STANDARD PREMIUM</td>
<td>Total Modified Premium + all premium from classifications and statistical codes not subject to experience rating (items 18 thru 35).</td>
</tr>
<tr>
<td>★ 35</td>
<td>0063, 0064</td>
<td>Premium Discount</td>
<td>Tabular or formula value as specified by the carrier; not applicable in conjunction with retrospective rating</td>
</tr>
<tr>
<td>★ 36</td>
<td>0900</td>
<td>Expense Constant</td>
<td>A fixed dollar amount per policy as specified by the carrier</td>
</tr>
<tr>
<td>★ 37</td>
<td>9740</td>
<td>Terrorism</td>
<td>Rate per $100 of total policy payroll; % of class premium for non-payroll classes.</td>
</tr>
<tr>
<td>★ 38</td>
<td>9741</td>
<td>Natural Disasters and Catastrophic Industrial Accidents</td>
<td>Rate per $100 of total policy payroll; % of class premium for non-payroll classes.</td>
</tr>
<tr>
<td>★ 39</td>
<td>None</td>
<td>TOTAL ESTIMATED ANNUAL PREMIUM</td>
<td>Premium combining all applicable elements above</td>
</tr>
<tr>
<td>★ 40</td>
<td>0932</td>
<td>New York State Assessment</td>
<td>A percentage of Standard Premium as defined in Rule IX L.3 of the NY WC&amp;EL Manual.</td>
</tr>
<tr>
<td>★ 41</td>
<td>None</td>
<td>Total Estimated Premium and Assessment</td>
<td>Total Estimated Annual Premium + NY State Assessment Charge.</td>
</tr>
<tr>
<td>★ 42</td>
<td>9749</td>
<td>New York Workers Compensation Security Fund</td>
<td>A percentage of the Total Estimated Annual Premium</td>
</tr>
<tr>
<td>★ 43</td>
<td>None</td>
<td>TOTAL ESTIMATED POLICY COST</td>
<td>Total Estimated Annual Premium + NY State Assessment Charge + NY WC Security Fund Charge.</td>
</tr>
</tbody>
</table>

* See Pages AC-4 through AC-6 for Premium Element Definitions
<table>
<thead>
<tr>
<th>Sequence of Presentation &amp; / or Calculation</th>
<th>Premium Element Name</th>
<th>Premium Element Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Drug-Free Workplace Credit</td>
<td>Premium credit in conjunction with independently filed carrier drug-free workplace programs.</td>
</tr>
<tr>
<td>18</td>
<td>Repatriation Expense Premium</td>
<td>Premium charge for repatriation expense in conjunction with the New York Foreign Voluntary Coverage Endorsement WC 31-06-17A</td>
</tr>
<tr>
<td>19</td>
<td>Experience Modification</td>
<td>Increases or decreases premium based on insured’s prior loss experience.</td>
</tr>
<tr>
<td>20</td>
<td>Merit Rating Adjustment</td>
<td>Non - rated risk program, Premium adjustment based on number of claims.</td>
</tr>
<tr>
<td>21</td>
<td>New York Construction Classification Premium Adjustment Program (NYCCPAP)</td>
<td>A factor that reduces the total modified premium - based on employer’s average wages for contracting classifications.</td>
</tr>
<tr>
<td>22</td>
<td>Drug-Free Workplace Credit</td>
<td>Premium credit in conjunction with independently filed carrier drug-free workplace programs.</td>
</tr>
<tr>
<td>23</td>
<td>Managed Care/PPO Premium Credit</td>
<td>Premium credit in conjunction with independently filed carrier Managed Care or PPO programs</td>
</tr>
<tr>
<td>24</td>
<td>Compulsory Workplace Safety and Loss Consultation Program Surcharge</td>
<td>Employers failing to initiate a Compulsory Safety Consultation or implement the recommendations of a certified loss consultant are charged 5% for each year of non-compliance.</td>
</tr>
<tr>
<td>25</td>
<td>Non-ratable elements</td>
<td>Certain classifications have a catastrophe load that is not subject to experience rating. This premium is reported under separate statistical codes.</td>
</tr>
<tr>
<td>26</td>
<td>Radiation Exposure NOC</td>
<td>Premium for operations involving research, manufacture, handling, transportation, use of or exposure to radioactive materials not performed for or under the direction of the Nuclear Regulatory Commission or any governmental agency.</td>
</tr>
</tbody>
</table>
## PREMIUM ALGORITHM (Continued)
### PREMIUM ELEMENT DEFINITIONS

<table>
<thead>
<tr>
<th>Sequence of Presentation &amp; / or Calculation</th>
<th>Premium Element Name</th>
<th>Premium Element Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ 27</td>
<td>Deductible Premium Credit (After Experience Modification)</td>
<td>Premium credit for employer election to reimburse carrier for losses below specified limit.</td>
</tr>
<tr>
<td>★ 28</td>
<td>Short Rate Cancellation Penalty</td>
<td>Penalty charged employer for canceling policy before expiration date</td>
</tr>
<tr>
<td>★ 29</td>
<td>Minimum Premium Balance Amount</td>
<td>Additional premium to balance to minimum</td>
</tr>
<tr>
<td>★ 30</td>
<td>Employers Liability Increased Limits Minimum Premium - Admiralty or FELA Coverage</td>
<td>Additional premium to balance to minimum charge for Part Two increased limits</td>
</tr>
<tr>
<td>★ 31</td>
<td>Rate Deviation - Method 3 (After Experience Modification)</td>
<td>Specified percentage premium adjustment per carrier filing with Department of Financial Services; not applicable as of 10/1/08.</td>
</tr>
<tr>
<td>★ 32</td>
<td>Drug &amp; Alcohol Prevention Program Premium Credit</td>
<td>Eligible employers who implement an approved WSLPIP drug and alcohol prevention program can receive authorized premium credits</td>
</tr>
<tr>
<td>★ 33</td>
<td>WSLPIP Return-To-Work Program Premium Credit</td>
<td>Eligible employers who implement an approved WSLPIP return-to-work program can receive authorized premium credits</td>
</tr>
<tr>
<td>★ 34</td>
<td>WSLPIP Safety Incentive Program Premium Credit WSLPIP</td>
<td>Eligible employers who implement an approved WSLPIP safety incentive program can receive authorized premium credits</td>
</tr>
<tr>
<td>★ 35</td>
<td>Premium Discount</td>
<td>Premium adjustment to expense provisions based on size of standard premium</td>
</tr>
<tr>
<td>★ 36</td>
<td>Expense Constant</td>
<td>Premium charge which covers expense such as policy issuing, recording and auditing.</td>
</tr>
<tr>
<td>★ 37</td>
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FLYING CREW 7422

ALL OTHER EMPLOYEES & Drivers 7403

 Applies to ground personnel such as, but not limited to, maintenance and service personnel, cargo and baggage handlers, ticket sellers or information clerks at airports, air traffic controllers, and security personnel. The personnel may be employed by scheduled air carriers, commuter air carriers, supplemental air carriers, or any other commercial aviation operators, including helicopter services.

STUNT FLYING, RACING, or PARACHUTE JUMPING:

FLYING CREW 7422

ALL OTHER EMPLOYEES & Drivers 7403

 Applies to ground personnel such as, but not limited to, maintenance and service personnel, information clerks, air traffic controllers and security personnel.

TRANSPORT OF PERSONNEL in conduct of employers business:

FLYING CREW 7421

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

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

 Separately rate commercial aircraft operations. Separately rate all other employees and drivers.

ALL OTHER EMPLOYEES & Drivers 7403

 Applies to ground personnel such as, but not limited to, maintenance and service personnel, information clerks, air traffic controllers and security personnel.
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New York State Assessment Charges

General Instructions and Information

Refer to Rule IX-L., Sections 1. and 2.

Applicable Standard Premium Assessment Rate ................................................................. 13.8%

Premium Base

Refer to Rule IX-L., Section 3.

Standard premium is the only premium base to be used in calculating the New York State Assessment policyholder charge.

For policyholder assessment purposes, standard premium is defined as the premium determined on the basis of the insurer’s approved rates, as modified by any experience modification or merit rating factor, any applicable territory differential premium, the minimum premium, any Construction Classification Premium Adjustment Program credits, any credit from return to work and/or drug and alcohol prevention programs, including credits under the Workplace Safety Loss Prevention Incentive Program (WSLPIP), any surcharge or credit from a workplace safety program, including credits under the Workplace Safety Loss Prevention Incentive Program (WSLPIP), any credit from independently-filed insurer specialty programs (for example, alternative dispute resolution, drug-free workplace, managed care or preferred provider organization programs), any charge for the waiver of subrogation, any charge for foreign voluntary coverage and the additional charge for terrorism, and the charge for natural disasters and catastrophic industrial accidents.

For purposes of determining standard premium, the insurer’s expense constant, including the expense constant in the minimum premium, the insurer’s premium discount and premium credits for participation in any deductible program, as well as any premiums providing federal coverage, and coverage under the volunteer firefighter benefit law and volunteer ambulance workers benefit law, shall be excluded from the premium base.

Terrorism and Catastrophe Loss Cost Charges

Terrorism

Applicable only in conjunction with Rule IX-N.1 of the Manual

Terrorism loss cost (NOT RATE) charge per $100 of total policy payroll ................................................................. $.038

For non-payroll based classes, charge is % of non-payroll class manual premium ................................................................. 2.9%

Natural Disasters and Catastrophic Industrial Accidents

Applicable only in conjunction with Rule IX-N.2 of the Manual

Catastrophe loss cost (NOT RATE) charge per $100 of total policy payroll ................................................................. $.008

For non-payroll based classes, charge is % of non-payroll class manual premium ................................................................. 0.7%

Workers Compensation Security Fund Surcharge

Applicable only in accordance with Rule IX - M of the Manual

Charge is % of total policy premium ................................................................. 0.0%

United States Longshore and Harbor Workers’ Compensation Coverage Percentage

Applicable only in connection with Rule XII-D of the Manual ................................................................. 53.7%

(Multiply a Non-F classification rate by a factor of 1.537 to adjust for differences in state and federal benefits and assessments)
E. POLICY CHECKING

The Rating Board, as part of its policy examination process, checks policies to verify that they have been properly written using rules, forms of coverage and procedures contained in the various manuals published by the Rating Board. A letter of criticism will be sent to a carrier if the policy issued by that carrier is not written correctly. The receipt of a policy, at the Rating Board, without disapproval, does not imply that the Rating Board has approved the policy as written.

F. MATERIAL SENT TO THE RATING BOARD

It is essential that all material submitted to the Rating Board contain the complete name of the insured, whether or not the material is a policy, endorsement, cancellation, reinstatement or correspondence. The name of the insured is essential as it is used to identify the Rating Board’s record of an insured. The complete name of the insured on all documents will avoid material from being returned requesting additional information.

It is requested that a carrier not issue a policy using the term “et al” as the name of the insured when a risk covers several entities. If, however, a policy must be issued with the insured’s name as “et al,” an endorsement must be attached to the policy listing the individual insured name(s).

The Rating Board assigns unique numbers to each employer. The first number is a seven-digit “Coverage ID” and the second number is a nine-digit “Combinable ID.” The handling of correspondence and other inquiries will be handled more expeditiously if either the Coverage ID or the Combinable ID and carrier policy number are referenced.

Material sent to the Rating Board should be addressed to the attention of an individual or department, if known, to ensure prompt handling.

G. RESPONSES TO RATING BOARD LETTERS AND CRITICISMS

Carriers are required to respond to criticisms within the time period shown on the criticism letter to avoid penalties for non-compliance. Prompt responses to letters or requests for additional information will avoid follow-up letters and additional delays in resolving a particular matter or issue.

Note: Responses should be specifically addressed to the Rating Board person who sent the criticism letter.

Section 2313, Subdivision (q) of the New York Insurance Law requires the Rating Board to notify the Superintendent of Insurance of any case in which an insurer does not, within sixty days, furnish satisfactory evidence to the Rating Board of the correction of any error or omission previously called to its attention by the Rating Board. Section 2315, Subdivision (e) also makes it an offense, punishable by fine imposed by the Superintendent of Insurance, for any carrier who willfully withholds information from or furnishes false or misleading information to the Rating Board. Refer to Rule F. "Incorrect Underwriting" of the Administrative Rules and Procedures section of the Manual.

H. BASIS OF PREMIUM

1. Anniversary “Wage Rate” Changes Occurring During the Policy Period

With respect to those classifications for which a limitation on remuneration is specified in the manual, if a change of wage rate occurs during the policy period, calculate the ratio of the limited remuneration for all employees under such classification to the risk’s total remuneration developed in the classification for the entire policy period. Then apply the ratio to the risk’s total remuneration for that classification, developed before and after the date of the wage rate change, to determine how much remuneration is applicable to each part before applying the respective carrier approved rates. Refer to Rule V.B. for a further explanation of remuneration.
2. **Bonuses**

Bonuses paid during the policy period are considered as earned during the policy term and prorated for the period of employment during the policy term.

3. **Charitable Institutions**

Any money, board or lodging received by an inmate or any other individual providing services to a charitable institution is to be considered remuneration for premium determination purposes.

4. **Consumer Cooperatives**

Computation of replacement wages for unsalaried members of a consumer cooperative who may be entitled to workers compensation insurance benefits shall be based upon a formula using the actual number of hours worked by each member. The actual hours worked are then multiplied by a replacement value equal to the minimum of an hourly wage that would ordinarily be paid to a salaried employee performing the same or similar duties in the community where the work is performed. The classifications to be used are the same as the classifications that would apply to a paid employee.

5. **Deficiency or Retroactive Wages**

Deficiency and retroactive wage payments are to be included as payroll for premium determination purposes for the policy term(s) in effect to which the wage payments apply. These payments can be included only for the policy period in which the wage payment was made and for the preceding twelve-month policy period, if applicable.

6. **Employees Savings Plan – Employee/Employer Contributions**

Employee authorized salary reductions, into a savings plan, are to be included as remuneration for premium computation purposes.

Contributions of employer funds, made by the employer in an amount authorized by an employee, is not considered remuneration for premium computation purposes unless these contributions are reported by the employer as current taxable income to the employee.

7. **Expenses Which Are Not Incidental to Employment**

Payments made by an employer to an employee which cover personal or other expenses of the employee, which are not incurred as incidental to the employer's business, are to be considered as payroll and assigned to the manual classification which applies to the work normally performed by such employee.
8. **Hospitals – Volunteer Workers**

When insurance is provided for volunteer workers performing duties in hospitals, the premium for these volunteer workers is to be based upon the same wage rate that would be paid to a regular employee performing the same or similar work. Such volunteer workers shall also be assigned to the classification applicable to such regular employees.

9. **Maintenance of Records**

When performing an audit, the words "are maintained," as used in the manual, mean that the books and records used in the premium verification must be the same books and records that were maintained during the policy period being audited. If the books and records were revised for auditing purposes, the employer is not entitled to any exclusions of remuneration for the policy period(s) being audited.

10. **Payroll Limitation—Interstate Risks**

The excess payroll deduction is determined by state, by classification and by individual employee, combining the gross payroll for the states approving such limitation and computing a total percentage excess deduction factor to be applied to such payrolls by classification.

11. **Period of Employment**

For the purpose of applying the payroll limitation rule, the "total time employed during the policy period" of any employee shall be considered to be the sum of the portions of all contracts of employment of such employee falling within the policy period. Refer to Rules V.F. and V.G.

12. **Relatives of Individuals, Copartners or Corporate Officers**

If a spouse or relative of an individual proprietor, member of a copartnership, or an officer of a corporation is employed by such entity to perform work in connection with the operations of the employer, the actual payroll of such relative or spouse, subject to a minimum amount equal to the wages that would ordinarily be paid to another employee performing the same or similar work, shall be included in the basis of premium computation. If the records fail to disclose payroll, the minimum specified above shall be included as payroll.

13. **Strikes**

Wages paid to employees who are not on strike, but who are present on the employer’s premises and are unable to perform their normal duties because of a strike, are to be assigned to the classification applicable to the work they usually perform. However, if any of these employees do not perform any work for their employer and are not present on their employer’s premises during the strike, any wages paid to these employees are to be assigned to Code 8810 "Clerical Office Employees."

14. **Subsistence Allowance, On-The-Job Training**

Subsistence allowance paid by the federal government, to a veteran-in-training, has been held by the Workers’ Compensation Board to not constitute wages within the meaning of the Workers’ Compensation Law and therefore should not be included in the premium computation.
15. **Travel Time**

Payments made by an employer to an employee representing compensation for time spent in traveling to or from work, or to or from a specific job, are to be considered as payroll and assigned to the manual classification which applies to the work normally performed by such employee.

16. **Vacation and Welfare Funds**

Amounts for vacation, medical, hospitalization, pension, educational or social welfare purposes, paid by an employer to a special fund administered by a labor union, by a board representing both labor and employers, or by any trustee, are to be treated as follows for premium computation purposes:

a. These amounts are not to be included as payroll for any of the funds named above except for vacation funds which are explained in b. and c. below.

b. These amounts are to be included if they are vacation funds which are credited on the records of the fund to each individual employee.

c. These amounts are not to be included as payroll if they are vacation funds that have not been credited on the records of the fund to the individual employee, but are paid out at the discretion of the administrators of the fund or in accordance with a plan under which an employee is only entitled to benefits when certain specified requirements are met.

17. **Vacation Wages**

When an employee works during his/her vacation period and receives regular wages in addition to vacation pay, the vacation pay, as well as the regular wages, are to be included as payroll.
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In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

**GENERAL SECTION**

A. **The Policy**
   This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. **Who is Insured**
   You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership’s employees.

C. **Workers Compensation Law**
   Workers Compensation Law means the workers' or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers' or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. **State**
   State means any state of the United States of America, and the District of Columbia.

E. **Locations**
   This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

**PART ONE**

**WORKERS COMPENSATION INSURANCE**

A. **How This Insurance Applies**
   This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.
   1. Bodily injury by accident must occur during the policy period.
   2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. **We Will Pay**
   We will pay promptly when due the benefits required of you by the workers compensation law.

C. **We Will Defend**
   We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.
   We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. **We Will Also Pay**
   We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:
   1. reasonable expenses incurred at our request, but not loss of earnings;
   2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
   3. litigation costs taxed against you;
   4. interest on a judgment as required by law until we offer the amount due under this insurance; and
   5. expenses we incur.

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

F. Payments You Must Make
You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:
1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others
We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions
These statements apply where they are required by law.
1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.
5. This insurance conforms to the parts of the workers compensation law that apply to:
   a. benefits payable by this insurance;
   b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO
EMPLOYERS LIABILITY INSURANCE

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

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

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

C. Exclusions
This insurance does not cover:
1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. Any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. Bodily injury intentionally caused or aggravated by you;
6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions;
8. Bodily injury to any person in work subject to the Longshore and Harbor Workers’ Compensation Act (33 U.S.C. et seq. Sections 901), the Non-appropriated Fund Instrumentalities Act (5 U.S.C. Sections 8171 et seq.), the Outer Continental Shelf Lands Act (43 U.S.C. Sections 1331), the Defense Base Act (42 U.S.C. Sections 1651–1654), the Federal Mine Safety and Health Act (30 U.S.C. Sections 801 et seq. and 901-944), any other federal workers or workmen’s compensation law or other federal occupational disease law, or any amendments to these laws;
9. Bodily injury to any person in work subject to the Federal Employers’ Liability Act (45 USC Sections 51–60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;
10. Bodily injury to a master or member of the crew of any vessel and does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law;
11. Fines or penalties imposed for violation of federal or state law; and
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. Sections 1801 et seq.) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

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

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

E. We Will Also Pay
We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:
1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this insurance; and
5. Expenses we incur.
F. Other Insurance
We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

2. The amount you owe has been determined with our consent or by actual trial and final judgment. This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE
OTHER STATES INSURANCE

A. How This Insurance Applies
1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.
2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.
3. We will reimburse you for the benefits required by the workers compensation law of that state if we are not permitted to pay the benefits directly to persons entitled to them.
4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. Notice
Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.

PART FOUR
YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.
2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal
papers related to the injury, claim, proceeding or suit.

4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.

5. Do nothing after an injury occurs that would interfere with our right to recover from others.

6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE—PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. all your officers and employees engaged in work covered by this policy; and

2. all other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.

2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancelation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.
PART SIX—CONDITIONS

A. Inspection
We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.

B. Long Term Policy
If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. Transfer of Your Rights and Duties
Your rights or duties under this policy may not be transferred without our written consent.

D. Cancelation
1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancelation is to take effect.
2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancelation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.
3. The policy period will end on the day and hour stated in the cancelation notice.
4. Any of these provisions that conflict with a law that controls the cancelation of the insurance in this policy is changed by this statement to comply with the law.

E. Sole Representative
The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancelation.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.
INFORMATION PAGE

Policy No.

1. The Insured: _______________________________  ___Individual  ___Partnership
Mailing address: _______________________________  ___Corporation or _____________
Other workplaces not shown above: __________________________________________

2. The policy period is from ___________ to ___________ at the insured's mailing address.

3. A. Workers Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here:

   B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3A. The limits of our liability under Part Two are:

      Bodily Injury by Accident  $_________ each accident
      Bodily Injury by Disease  $_________ policy limit
      Bodily Injury by Disease  $_________ each employee

   C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:

   D. This policy includes these endorsements and schedules:

4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.

   Classifications  Code  Premium Basis  Rate Per  Estimated Annual
      No.  Total Estimated  $100 of    Premium
           Annual Remuneration  Remuneration

   Total Estimated Annual Premium $

   Minimum Premium $  Expense Constant $

   Countersigned by: _______________________________

1 of 3
INFORMATION PAGE NOTES

1. The sequence of Items 1 through 4 of the Information Page may not be changed except for Item 3.D. (See Note 11.) The format of each item may be rearranged and these suggested headings may be used: 1. Insured; 2. Policy Period; 3. Coverage; and 4. Premium.

2. The name of the insurer is to be shown prominently on the Information Page in the space above Item 1. Multi-company groups must make appropriate reference to the name of the member of the group providing the insurance.

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

3. The policy number must be appropriately labeled and shown in the space reserved above Item 1 on the Information Page. This number should be unique to the company and remain constant during the policy period. It should be used on all endorsements issued after the policy is issued.

   The policy number appearing on the Information Page should be the same as the policy number contained in the carrier's internal statistical records.

   The five-digit NCCI carrier code number and the NCCI Interstate Risk Identification Number must be shown and appropriately labeled on the Information Page.

4. Use appropriate text on the Board copy of a renewal policy Information Page to designate the prior policy by number.

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

   The policy number of a rewritten or replaced policy must also be on the Information Page.

5. List in Item 1. the exact name of the employer insured and indicate whether the employer is an individual, partnership, joint venture, corporation, association or other legal entity.

   Also include the respective federal employer’s identification number (FEIN), appropriately labeled, for each entity included on the policy.

   If separate legal entities are insured in a single policy, consistent with the manual of rules, separately show the complete name of each insured employer and indicate each employer’s legal entity status.

6. List in Item 1 or by schedule all usual workplaces of the insured that are to be covered by the policy.

7. The effective date and hour of the policy, and its expiration date and hour must be shown in Item 2. The hour may be included as part of the printed form at the company’s option.

8. List in Item 3.A. states where state workers compensation insurance is provided. If none is provided, “none” or “not covered” may be shown.

9. Show limits of liability separately for bodily injury by accident and by disease in Item 3.B.

10. States may be shown in Item 3.C. by name or by designation, but do not name or designate a state listed in Item 3.A. a monopolistic state fund state, or a state where the insurer will not provide this coverage.

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

    If the company learns that the insured is conducting operations in a 3.C. state, and if the company agrees to continue coverage, the company should add that state to Item 3.A. and remove it from Item 3.C. Normal company procedures apply when the state is added to Item 3.A.
11. Item 3.D. may be omitted so long as the list of the policy's schedules and endorsements appears somewhere on the Information Page.

12. The content of Item 4 may be rearranged by the company. If the policy is issued for less than one year, the company may state whether the premium information is shown for the policy period or for an annual period.

13. In Item 4, the development of estimated annual premium shall be displayed separately for each classification by state. This same display of premium development must be shown on any classification schedules attached to the policy.

   Total Estimated Standard Premium must be shown by state on the Information Page or on a schedule attached to the policy.

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

15. Premium discount must be shown in Item 4, the Premium Discount Endorsement, or both.

16. All charges or credits affecting the total estimated premium must be shown in Item 4. The deposit premium and the interim adjustment period must also appear on the Information Page.

   The date and place of policy issuance, date and place of countersignature and other related information may also be shown on the Information Page.

17. Three-Year Fixed Rate Policies must be so designated on the Information Page as required by Rule XI of the Basic Manual.

18. Other entries may be made on the Information Page as authorized by Notes to Endorsements, including: Anniversary Rating Date; Defense Base Act Coverage; Voluntary Compensation Maritime Coverage Endorsements and the endorsements that apply to the inclusion and exclusion of executive officers and sole proprietors and partners.

19. The company may use its own method of execution and place the execution clause at the end of the Information Page, at the end of the standard policy, or on a policy jacket.
OUTER CONTINENTAL SHELF LANDS ACT COVERAGE ENDORSEMENT

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

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

**C. Workers' Compensation Law**

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

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

**Schedule**

**Description and Location of Work**

**Notes:**

1. The Outer Continental Shelf Lands Act makes the Longshore and Harbor Workers' Compensation Act apply to work involving the development from fixed platforms of the natural resources of the Outer Continental Shelf. Use this endorsement to provide workers compensation insurance and employers liability insurance for work on the Outer Continental Shelf subject to the Longshore and Harbor Workers' Compensation Act.

2. The description of the work must show the state whose boundaries, if extended to the Outer Continental Shelf, would include the location of the work.

3. Use the Maritime Exclusion Endorsement or Maritime Coverage Endorsement to exclude or cover the exposure for masters and members of the crews of vessels.
MARITIME COVERAGE ENDORSEMENT

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

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

A. How This Insurance Applies

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

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.

2. The employment must be necessary or incidental to work described in Item 1 of the Schedule of the Maritime Coverage Endorsement.

3. The bodily injury must occur in the territorial limits of, or in the operation of a vessel sailing directly between the ports of, the continental United States of America, Alaska, Hawaii or Canada.

4. Bodily injury by accident must occur during the policy period.

5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

6. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

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

This insurance does not cover:

13. bodily injury covered by a Protection and Indemnity Policy or similar policy issued to you or for your benefit. This exclusion applies even if the other policy does not apply because of another insurance clause, deductible or limitation of liability clause, or any similar clause.

14. Your duty or obligation to provide transportation, wages, maintenance, and cure. This exclusion does not apply if a premium entry is shown in Item 2 of the Schedule, except that punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law are excluded even if a premium is paid for transportation, wages, maintenance, and cure coverage.

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

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

G. Limits of Liability

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

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

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.
2. Bodily Injury by Disease. The limit shown for “bodily injury by disease–aggregate” is the most we will pay for all damages covered by this insurance because of bodily injury by disease to one or more employees. The limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page. Bodily injury by disease will be deemed to occur in the state of the vessel's home port.

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

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

Schedule

1. Description of work:

2. Transportation, Wages, Maintenance and Cure Premium $

Exclusion: This insurance does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law even if a premium is paid for transportation, wages, maintenance, and cure coverage.

3. Limits of Liability

   Bodily Injury by Accident  $__________ each accident
   Bodily Injury by Disease  $__________ aggregate

Notes:

1. Use this endorsement to afford maritime coverage under Program I or II of Manual Rule XIII where the employer has maritime exposure and no Protection and Indemnity policy, or has a Protection and Indemnity policy that does not cover all its operations.

2. Use Item 1 of the Schedule to describe the maritime operations that are to be insured by this endorsement. The description may include limitations by size, ownership or name of vessel and limitations by names of waterways to be used by the vessels.

3. Show a premium charge or other appropriate entry in Item 2 to provide coverage for transportation, wages, maintenance and cure.
AIRCRAFT PREMIUM ENDORSEMENT

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

Schedule

<table>
<thead>
<tr>
<th>State</th>
<th>Aircraft</th>
<th>Passenger Seat Charge</th>
<th>Maximum Charge</th>
<th>Estimated Premium</th>
</tr>
</thead>
</table>

Notes:

1. Use this endorsement to show the additional premium required for Classification Code 7421.
3. Show, in the Schedule, state(s) to which the payroll of Classification Code 7421 is assigned.
A. OBJECT OF THE PLAN

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

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

B. DEFINITIONS

1. General Definitions

   a. Allocated Loss Adjustment Expense (ALAE)

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

   b. Increased Limits for Coverage B

      If the policy provides for increased limits for employers liability coverage, the losses may be subject to the retrospective rating loss limitation. The premium for employers liability increased limits is based on the percentages provided in the New York Workers Compensation and Employers Liability Manual.

   c. Incurred Losses

      Incurred losses for workers compensation and employers liability insurance are defined in the New York Workers Compensation Statistical Plan. Incurred losses include paid and outstanding losses.

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

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

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

      • Non-ratable element codes
      • Occupational disease for employers subject to the Federal Mine Safety and Health Act
      • Terrorism, natural disasters and catastrophic industrial accidents
      ★ Reported as fully fraudulent according to the Statistical Plan
      ★ Reported as noncompensable according to the Statistical Plan

   d. Large Risk Rating Option (LRRO)

      The New York Large Risk Rating Option is a flexible retrospective rating plan that is mutually agreed to by the insured and carrier. It is an available option for insureds with an estimated annual standard premium of at least $500,000 individually or in any combination with any commercial casualty insurance line (general liability, commercial automobile, hospital professional liability, crime, glass) and/or workers compensation and employers liability insurance.
e. **Loss Limitation**

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

f. **Standard Premium (SP)**

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

1. Premium discount
2. Expense constant
3. Premium resulting from the non-ratable element codes
4. Premium developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act
5. Premium developed by the provisions for terrorism, natural disasters and catastrophic industrial accidents

**g. Unallocated Loss Adjustment Expense (ULAE)**

Unallocated loss adjustment expense for workers compensation and employers liability insurance is defined in the *New York Workers Compensation Statistical Plan*. Unallocated loss adjustment expense includes the general overhead of a carrier’s claim operations.

2. **Elements of the Retrospective Rating Plan Formula**

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

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

**a. Retrospective Rating Premium (RRP)**

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

**b. Basic Premium (BP)**

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

- General administration costs of the carrier
- Related loss control service cost
- Insurance charges
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

ONE-YEAR PLAN

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

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

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

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
   - General administration costs of the carrier
   - Cost of loss control services
   - Insurance charge

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

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

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.
Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manual, as applicable:

- Resulting from the nonratable element codes
- For the disease-related of losses covered under the Federal Mine Safety and Health Act
- Resulting from the application of catastrophe provisions
- Reported as fully fraudulent
- Reported as non compensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

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

B. Retrospective Rating Plan Premium Elective Elements

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

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.
1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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

E. Insureds Operating in More Than One State

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

F. Cancellation of a Policy Under a Retrospective Rating Plan

1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period for all insurance subject to this endorsement.

2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.

4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

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

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

Schedule

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

2. Loss Limitation: $ __________________

3. Loss Conversion Factor __________________

   Minimum Retrospective Rating Plan Premium Factor __________________
   Maximum Retrospective Rating Plan Premium Factor __________________

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

<table>
<thead>
<tr>
<th></th>
<th>50%</th>
<th>100%</th>
<th>150%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated standard premium:</td>
<td>$ _________</td>
<td>$ _________</td>
<td>$ _________</td>
</tr>
<tr>
<td>Basic premium factor:</td>
<td>_________</td>
<td>_________</td>
<td>_________</td>
</tr>
</tbody>
</table>
5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

### TABLE OF STATES

<table>
<thead>
<tr>
<th>State</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multiplier</th>
<th>Retrospective Development Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State (Other than “F” Classes)</td>
<td>Federal (&quot;F&quot; Classes Only)</td>
<td>State (Other than “F&quot; Classes)</td>
</tr>
</tbody>
</table>

**Notes:**

1. This endorsement is to be used for a one-year retrospective 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 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.
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 on the Table of States may be rearranged by the company.
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

THREE-YEAR PLAN

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

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

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

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
   - General administration costs of the carrier
   - Cost of loss control services
   - Insurance charge

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

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

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.
Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals, as applicable:

- Resulting from the nonratable element codes
- For the disease-related portion of losses covered under the Federal Mine Safety and Health Act
- Resulting from the application of catastrophe provisions
- Reported as fully fraudulent
- Reported as noncompensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

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

B. Retrospective Rating Plan Premium Elective Elements

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

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.
1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

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

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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

E. Insureds Operating in More Than One State

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

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

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

2. If the other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

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

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

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

Schedule

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

2. Loss Limitation $ ________________

3. Loss Conversion Factor ________________

   Minimum Retrospective Rating Plan Premium Factor ________________

   Maximum Retrospective Rating Plan Premium Factor ________________

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

   | 50% | 100% | 150% |
---|-----|-----|-----|
Estimated standard premium: | $ __________ | $ __________ | $ __________ |
Basic premium factor: | __________ | __________ | __________ |
5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

**TABLE OF STATES**

<table>
<thead>
<tr>
<th>State</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multiplier</th>
<th>Retrospective Development Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State (Other than “F” Classes)</td>
<td>Federal (“F” Classes Only)</td>
<td>State (Other than “F” Classes)</td>
</tr>
</tbody>
</table>

**Notes:**

1. This endorsement is to be used for a three-year retrospective 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 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.

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 RATING PLAN PREMIUM ENDORSEMENT

WRAP-UP CONSTRUCTION PROJECT

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

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:

   - Premium discount
   - Expense constant
   - Premium resulting from the nonratable element codes
   - Premium developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act
   - Premium developed by the catastrophe provisions

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

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

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

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

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.
Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals, as applicable:

- Resulting from the nonratable element codes
- For the disease-related portion of losses covered under the Federal Mine Safety and Health Act
- Resulting from the application of catastrophe provisions as outlined in our manuals
- Reported as fully fraudulent
- Reported as non-compensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses and any elective elements. The percentage is called the tax multiplier. It varies by state and by Federal and 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 determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

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

1st Reprint

Effective January 1, 2015

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

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

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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

E. Insureds Operating in More Than One State

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

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

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

2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

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

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

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

Schedule

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

2. Loss Limitation $

3. Loss Conversion Factor

   Minimum Retrospective Rating Plan Premium Factor

   Maximum Retrospective Rating Plan Premium Factor

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

<table>
<thead>
<tr>
<th>Estimated standard premium:</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
</tr>
<tr>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basic premium factor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

### TABLE OF STATES

<table>
<thead>
<tr>
<th>State</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multiplier</th>
<th>Retrospective Development Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State (Other than “F” Classes)</td>
<td>Federal (“F” Classes Only)</td>
<td>State (Other than “F” Classes)</td>
</tr>
</tbody>
</table>

**Notes:**

1. This endorsement is to be used for a retrospective rating plan period equal to the duration of the wrap-up 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 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.

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 RATING PLAN PREMIUM ENDORSEMENT

NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE

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

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

2. Incurred losses do not include the cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a nonratable catastrophe element.

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

Schedule
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

ONE YEAR PLAN-MULTIPLE LINES

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

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

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

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
   - Premium discount
   - Expense constant
   - Premium resulting from the nonratable element codes

   ★  Premium developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act
   ★  Premium developed by the catastrophe provisions

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
   - General administration costs of the carrier
   - Cost of loss control services
   - Insurance charge
The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

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

3. Incurred losses are all amounts we pay or estimate we will pay and losses for the following expenses:

   a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance

   b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance

   c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only

   d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party

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

   ★ Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from out manuals, as applicable:

   - Resulting from the nonratable element codes

   ★ For the disease-related portion of losses covered under the Federal Mine Safety and Health Act

   ★ Resulting from the application of catastrophe provisions

   ★ Reported as fully fraudulent

   ★ Reported as noncompensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

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

B. Retrospective Rating Plan Premium Elective Elements

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

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

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

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

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

E. Insureds Operating in More Than One State

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

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

1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.

2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.

4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

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

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

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

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

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

<table>
<thead>
<tr>
<th>List of Policies</th>
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</tbody>
</table>

2. The retrospective rating plan does not apply to the premium for policies ___________________________________________ in the states of ___________________________________________

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

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

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit of Liability</th>
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<tr>
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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 ____________________________

The incurred losses to be included in calculating the premium for the insurance subject to a retrospective rating plan 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.
7. If the combination loss limitation does not apply for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for ______________ insurance is ______________
Loss Limitation for ______________ insurance is ______________
Loss Limitation for ______________ insurance is ______________
Loss Limitation for ______________ insurance is ______________

8. Loss Conversion Factor is _______________________________________________________________________

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

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

<table>
<thead>
<tr>
<th>50%</th>
<th>100%</th>
<th>150%</th>
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</thead>
<tbody>
<tr>
<td>Estimated standard premium:</td>
<td>$ __________</td>
<td>$ __________</td>
</tr>
<tr>
<td>Basic premium factor:</td>
<td>__________</td>
<td>__________</td>
</tr>
</tbody>
</table>
### Table of States

<table>
<thead>
<tr>
<th>11.A</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Workers Compensation and Employers Liability</td>
<td>Workers Compensation and Employers Liability</td>
</tr>
<tr>
<td></td>
<td>State (Other than “F” Classes)</td>
<td>Federal (“F” Classes Only)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>11.B</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Liability</td>
<td>Automobile Liability</td>
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### 12.A Retrospective Development Factors

<table>
<thead>
<tr>
<th>State</th>
<th>Workers Compensation and Employers Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st</td>
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</tbody>
</table>

### 12.B Retrospective Development Factors

<table>
<thead>
<tr>
<th>State</th>
<th>General Liability</th>
<th>Automobile Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st</td>
<td>2nd</td>
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</tbody>
</table>
Note:

1. This endorsement is designed for a one-year rating plan period.

2. If two or more policies are included under the retrospective rating plan, 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 RATING PLAN PREMIUM ENDORSEMENT
THREE-YEAR PLAN-MULTIPLE LINES

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

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

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

1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

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

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
   - General administration costs of the carrier
   - Cost of loss control services
   - Insurance charge
The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

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

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

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

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

• Resulting from the nonratable element codes
• For the disease-related portion of losses covered under the Federal Mine Safety and Health Act
• Resulting from the application of catastrophe provisions
• Reported as fully fraudulent
• Reported as noncompensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

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

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.
1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

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

   1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

   2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

   1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

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

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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

E. Insureds Operating in More Than One State

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

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

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

2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or renewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating plan factors shown in the Schedule.

4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

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

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

5. Section F.4. will not apply if you cancel or do not renew because:
   a. All work covered by the insurance is completed
   b. All interest in the business covered by the insurance is sold
   c. You retire from all business covered by the insurance
NEW YORK RETROSPECTIVE RATING PLAN MANUAL

Schedule

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

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

List of Policies


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

in the states of ___________________________________________

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

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

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit of Liability</th>
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</thead>
<tbody>
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</tbody>
</table>

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

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

6. Combination Loss Limitation of $ __________________ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance _________________________________
7. If the combination loss limitation does not apply for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for ______________________ insurance is $ ______________________
Loss Limitation for ______________________ insurance is $ ______________________
Loss Limitation for ______________________ insurance is $ ______________________
Loss Limitation for ______________________ insurance is $ ______________________

8. Loss Conversion Factor is ________________________________________________

9. Minimum Retrospective Rating Plan Premium Factor is ___________________________

   Maximum Retrospective Rating Plan Premium Factor is ___________________________

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

<table>
<thead>
<tr>
<th>Estimated standard premium:</th>
<th>50%</th>
<th>100%</th>
<th>150%</th>
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<tbody>
<tr>
<td></td>
<td>$</td>
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<table>
<thead>
<tr>
<th>Basic premium factor:</th>
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</tbody>
</table>
### TABLE OF STATES

<table>
<thead>
<tr>
<th>11.A</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Workers Compensation and Employers Liability</td>
<td>Workers Compensation and Employers Liability</td>
</tr>
<tr>
<td></td>
<td>State (Other than “F” Classes)</td>
<td>Federal (“F” Classes Only)</td>
</tr>
<tr>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>11.B</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Liability</td>
<td>Automobile Liability</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

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### 12.A  Retrospective Development Factors

<table>
<thead>
<tr>
<th>State</th>
<th>Workers Compensation and Employers Liability</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1st</td>
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</table>

### 12.B  Retrospective Development Factors

<table>
<thead>
<tr>
<th>State</th>
<th>General Liability</th>
<th>Automobile Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st</td>
<td>2nd</td>
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</tbody>
</table>
Note:

1. This endorsement is designed for a three-year rating plan period.

2. If two or more policies are included under the retrospective rating plan, 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 RATING PLAN PREMIUM ENDORSEMENT

WRAP-UP CONSTRUCTION PROJECT-MULTIPLE LINES

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

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

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

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

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

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

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

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
   - General administration costs of the carrier
   - Cost of loss control services
   - Insurance charge
The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

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

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

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

★ Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals, as applicable:
   - Resulting from the nonratable element codes
   - For the disease-related portion of losses covered under the Federal Mine Safety and Health Act
   - Resulting from the application of catastrophe provisions
   - Reported as fully fraudulent
   - Reported as noncompensable

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

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

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.
1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

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

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

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

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

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

C. Retrospective Rating Plan Premium Formula

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

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.

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

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all losses we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

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

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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

E. Insureds Operating in More Than One State

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

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

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

2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or renewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.

3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.

4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

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

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

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

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

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

   List of Policies

   ______________________________________________________

   ______________________________________________________

   ______________________________________________________

   ______________________________________________________

2. The retrospective rating plan does not apply to the premium for policies ____________________________________________ in the states of ________________________________________________.

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

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

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<tr>
<th>Coverage</th>
<th>Limit of Liability</th>
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</tbody>
</table>

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

   The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses 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 Rating Plan Premium Factor is ____________________________________
   Maximum Retrospective Rating Plan Premium Factor is ____________________________________

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

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<tr>
<th></th>
<th>50%</th>
<th>100%</th>
<th>150%</th>
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<tbody>
<tr>
<td>Estimated standard premium:</td>
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<td>$ ___________</td>
<td>$ ___________</td>
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<tr>
<td>Basic premium factor:</td>
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<td>___________</td>
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</tbody>
</table>
### TABLE OF STATES

<table>
<thead>
<tr>
<th>11.A</th>
<th>Excess Loss Premium Factors</th>
<th>Tax Multipliers</th>
</tr>
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<tbody>
<tr>
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<td>Workers Compensation</td>
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<td>12.A</td>
<td>Retrospective Development Factors</td>
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<th>Retrospective Development Factors</th>
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Note:

1. This endorsement is designed for a retrospective rating plan period, equal to the duration of the wrap-up construction project described in the declarations or Information Page.

2. If two or more policies are included under the retrospective rating plan, 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.
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA

A. PREMIUM ELIGIBILITY

1. Premium

   a. Subject Premium
      A risk’s eligibility for this Plan is based on the amount of subject premium as referenced in Rule 1-C-7. Refer to Rule 2-A-2.

      Note: A policy shall not be canceled, rewritten, or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.

   b. Other Than Subject Premium
      The following are not included in subject premium for the determination of premium eligibility under this Plan:

      a. Expense Constants
      b. The policy minimum premium
      c. Premium under the National Defense Projects Rating Plan
      d. Premium under “Atomic Energy”
      e. Premium developed under Three-Year Fixed Rate policies
      f. Premiums for Terrorism
      g. Premium for Natural Disasters and Catastrophic Industrial Accidents
      h. Workers Compensation Security Fund surcharge
      i. New York State Assessment
      j. Other premium elements not subject to experience rating according to the Statistical Plan

2. Subject Premium Eligibility Amounts

   A risk qualifies for experience rating under this Plan:

   a. if the payroll or other exposure within the latest 24 months of the experience period produces a subject premium at authorized rates of at least $10,000, or,

   b. if the payroll or other exposure within the experience period of more than 24 months produces an average annual subject premium at authorized rates of at least $5,000.

   Note: Authorized rates are carrier rates specifically approved by the New York State Department of Financial Services.

3. Average Annual Subject Premium

   A risk’s average subject premium on an annual basis is determined for experience rating eligibility purposes as follows:

   \[
   \text{Total Subject Premium} \div \text{Total Months of Experience in Experience Period (excluding gaps in coverage)} \times 12 = \text{Average Annual Subject Premium}
   \]

   The reference to total months of experience in this calculation includes partial months.

4. Intrastate Experience Rating

   A risk qualifies for experience rating on an intrastate (New York only) basis when it meets the premium eligibility requirements as defined in Rule 2-A-2. Qualifying subject premium is based on payroll or other exposure reported in accordance with the Statistical Plan.
RULE 5—SPECIAL RATING CONDITIONS

A. CONSTRUCTION/CONTRACTING RISKS

1. Cost-Plus Contracts
   Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work performed plus a fixed fee. A policy covering both contractor and the principal is:
   - Assigned the experience rating modification of the contractor
   - Included in the experience of the contractor

2. Joint Ventures
   Two or more contractors, not combinable for experience rating under the rules of this Plan, may associate for the purpose of undertaking one or more projects as a joint venture.
   A joint venture may qualify for its own experience rating provided all of the following conditions are met:
   - The contract(s) for the participating entities is awarded in the name of the joint venture; and
   - The participating entities share the control, direction, and supervision of all work undertaken; and
   - The participating entities maintain a common bank account, payroll, and business records

   Note: The experience of the joint venture participants is excluded from the individual contractors’ experience rating modifications.

Experience Rating Modification Determination

<table>
<thead>
<tr>
<th>A joint venture…</th>
<th>The experience rating modification is calculated…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will not qualify for its own experience modification in the first year or two year(s) of operations(s)</td>
<td>By the carrier using:</td>
</tr>
<tr>
<td></td>
<td>• An arithmetic average of the experience rating modifications of the participating entities</td>
</tr>
<tr>
<td></td>
<td>• A unity (1.00) factor for a participating entity that does not have its own experience modification</td>
</tr>
<tr>
<td>May qualify for its own modification in the third and subsequent year(s) of operation(s)</td>
<td>By the Rating Board using the experience developed by the joint venture as reported to the Rating Board</td>
</tr>
</tbody>
</table>
3. **Uninsured Contractors**
   The experience of an uninsured contractor and reported in accordance with the Statistical Plan is included in the experience of the primary contractor.

4. **Wrap-Up Construction Project**
   A policy issued for an entity participating in a wrap-up construction project is subject to its own experience rating modification. (This also applies to an experience modification for a policy issued for two or more entities that are combinable under the rules of this Plan). Payroll and loss experience developed for all such policies, including wrap-up and non-wrap-up experience, is used in future experience rating modifications of the participating entities. There is no experience rating modification for wrap-up construction projects as a unit. Refer to the New York Workers Compensation and Employers Liability Manual for more information on wrap-up construction projects.

B. **EMPLOYEE LEASING / PROFESSIONAL EMPLOYER ORGANIZATIONS**
   For the purpose of this Plan, employee leasing arrangements shall mean an arrangement whereby an entity contracts with another entity to lease some or all of its workers. The entity providing the workers shall be referred to as the labor contractor or Professional Employer Organization (PEO). The entity utilizing the workers shall be referred to as the client.

   The payroll and loss experience of the client's leased and non-leased employees will be assigned to the client for experience rating purposes.

   **Note:** Any reference to the labor contractor as an additional insured in any manual rule or endorsement used for employee leasing purposes does not imply common ownership between the client and the labor contractor for experience rating.

   When a client leaves an employee leasing arrangement, no special treatment for experience rating purposes is necessary since the experience of the client is routinely reported to the Rating Board in accordance with the Statistical Plan.

C. **EX-MEDICAL EXPERIENCE**
   If coverage is provided on an ex-medical basis as permitted by the rules of the New York Workers Compensation and Employers Liability Manual, the experience modification is calculated using the formula described in Rule 2-D-1 of this Plan, with the following exception:

   Apply the ex-medical multiplier to convert the total expected losses for each classification to an ex-medical basis. The ex-medical multiplier is determined by the Rating Board using the following formula:

   \[ 1.00 - (1.30 \times \text{classification ex-medical ratio}) \]

   **Note:** The total expected losses on a statutory (unadjusted) medical basis are used in determining the Ballast and Weighting values.

D. **GROUP EXPERIENCE RATING PLAN FOR PUBLIC CORPORATIONS**
   1. A group consisting of a county and any other public corporations (cities, towns, villages, districts, etc.), as defined in Article 5 of the New York Workers' Compensation Law, Section 32.2 of the Volunteer Firefighters’ Benefit Law and Section 32.2 of the Volunteer Ambulance Workers’ Benefit Law, may elect to be covered under a single policy. The group will be treated in all respects as a single risk for the purpose of experience rating, provided that the clerk of the board of supervisors of such county certifies to the Rating Board prior to the effective date of rates:
a. The names of the county and other public corporations which have elected to become members of the group.

b. The board of supervisors of the county and the governing board of each other participating public corporation have, by appropriate action, made such election and have agreed that all of their respective insurable employees shall be covered under a group policy for a period of one year after the effective date of the experience modification and under any renewal of such policy while said election continues in effect.

c. That a named carrier has agreed to issue, and the group will accept and agree to be bound by the terms and conditions of, a single joint policy naming the county and each member of the group as co-insureds.

2. The certificate filed with the Rating Board will be considered applicable to all future ratings unless a public corporation later withdraws its election. No public corporation may be newly admitted to the group after the effective date of and during any rating period, but it may be admitted for the following rating period provided its name is certified in accordance with the provisions of 1 above. The carrier must indicate to the Rating Board the names of all public corporations to be insured under a group policy prior to the development of a rating.

3. Whenever such a group is established, the experience modification for any rating period shall be based upon the combined experience of all participating members for such rating period and shall be applied to each member for the whole period even though any member withdraws from the group.

When a member withdraws from the group, its experience shall be removed from the group rating at the end of the term and shall be used in separately rating the withdrawn member.

4. Any group established in accordance with these rules will be covered under a single policy naming the county and each public corporation as insureds.

E. MULTI-STATE EXPERIENCE RATING

A risk is eligible for experience rating on a multi-state (interstate) basis when it meets the requirements for intrastate rating and also develops experience during the experience period in one or more additional states where the Interstate Experience Rating Plan is effective. The National Council on Compensation Insurance is the data collection organization responsible for the calculation and verification of multi-state ratings.

F. NATIONAL DEFENSE PROJECT RATING PLAN: ATOMIC ENERGY

The experience modification is not applicable to the workers compensation premium resulting from operations under the National Defense Projects Rating Plan or Atomic Energy operations under the Nuclear Regulatory Authority. The exposure and losses are excluded from experience rating.

G. RATING TRANSITION PROGRAM

This program applies to insureds previously experience rated under certain classification codes that have been discontinued. The program is intended to minimize swings in experience modifications due solely to the elimination of a classification code(s). It does not apply to new risks or any other programs. The Rating Board will administer the transition program by adjusting the Expected Loss Rates (ELRs) for use in the rating calculation.

The ELR published in the manual may not apply to the calculation of an experience modification for an insured whose policy was previously subject to a discontinued code. For the first year after the elimination of a classification code, the ELR for an insured will be equal to a 4-1 weighting of the ELR used prior to the discontinuance of the code and the ELR for the new code. For the second year, a 3-2 weighting is used. A 2-3 weighting is used for the third year and a 1-4 weighting for the fourth year. The transition program does not apply after the fourth year.
Discount (D) ratios are not subject to this transition program.

The ELRs used in the following examples of the Rating Transition Program calculations are for illustrative purposes only.

### CODE 3085 EXAMPLE 1

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<thead>
<tr>
<th>Year</th>
<th>Current Class ELR</th>
<th>New Class ELR</th>
<th>Transition ELR</th>
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<tr>
<td>Year 1</td>
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<tr>
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<tr>
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<tr>
<td>Year 4</td>
<td>$1 \times 4.75$  + $4 \times 3.65$</td>
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### CODE 3270 EXAMPLE 2

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H. SEPARATE STATE EXPERIENCE RATING MODIFICATION

1. **Explanation**
   A separate experience modification for New York in an interstate rated risk may be calculated. The New York experience rating modification is calculated using a weighted average, which is based on the risk’s total expected losses in all states included in the interstate experience rating modification and its expected losses in New York.

2. **Permitted as Follows:**
   a. The risk must be interstate rated.
   b. The risk must qualify for an intrastate rating in New York.
   c. The risk must qualify for an intrastate rating in at least one other state.
   d. The request for a separate state experience rating modification must be:
      - From a carrier licensed to write workers compensation insurance only in New York.
      - In writing and with the written authorization of the insured.
      - Received by the Rating Board prior to the rating effective date.
   e. The experience rating modifications determined by Steps A—C of Rule 5-I-4 are calculated using the experience rating modification formula and the cap on modifications.

3. **Application**
   a. Any experience rating modification calculated under this rule applies for the full rating period, and applies to all applicable policies.
   b. The separate New York experience rating modification applies to all of a risk’s operations in New York. The remaining interstate mod is applied to all other states.

4. **Determination of Separate State Experience Rating Modification**
   The following step-by-step procedure is used to calculate the separate New York experience rating modification:
   - **Step A**—Calculate, on an interstate basis, an experience modification for the entire risk.
   - **Step B**—Calculate, on an intrastate basis, an experience modification for New York.
   - **Step C**—Calculate, on an interstate basis, an experience modification for all states excluding New York.
   - **Step D**—Calculate the following (using the results in Steps A, B, and C):
     \[
     \text{Step A} \times \text{Total Expected Losses in All States} \\
     (\text{Step B} \times \text{Expected Losses in New York}) + (\text{Step C} \times \text{Expected losses in All Other States})
     \]
   - **Step E**—Calculate the completed separate New York experience rating modification by multiplying the result in Step B by the result in Step D.
   - **Step F**—Calculate the completed experience rating modification for all other states by multiplying the result in Step C by the result in Step D.
I. UNITED STATES LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT COVERAGE

a. Experience modifications containing classifications where the authorized rates include coverage under the USL&HW Act, are calculated using the formula described in Rule-2-D-1 of this Plan.

b. Classifications subject to the USL&HW Act, but not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios, have their expected losses determined by applying the USL&HW Act percentage in that table to the classifications’ expected loss rates. The formula described in Rule-2-D-1 of this Plan will then apply.