



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 2894 – APRIL 18, 2002

TO: Members of the Bureau

FROM: Donna Knepper

RE: Item Number 3783 NCCI Proposal Item B-1351 Workers Compensation Premium Algorithm

Pursuant to ch.626, Wis. Stats., the State of Wisconsin, Office of the Commissioner of Insurance has advised that the action taken by the Rating Committee has been approved effective October 26, 2001, applicable to new and renewal business only.

The fee charged for the Waiver of Subrogation Endorsement was originally filed using statistical code 0930, which is applied before the experience rating modification. With the current amendment to the premium algorithm, the statistical code is amended to be changed to 9115 and not subject to experience modification effective to October 26, 2001. For all policies with an effective date of October 26, 2001, or later, please report code 9115 after the Aircraft Seat Surcharge in the Premium Algorithm. The amended Algorithm is attached for your reference.

WISCONSIN WORKERS COMPENSATION PREMIUM ALGORITHM

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line. *Refer to the Wisconsin User's Guide for an example.*

	PREMIUM ELEMENTS	EXPLANATORY NOTES
	MANUAL PREMIUM	$[(\text{PAYROLL} / 100) * \text{RATE}]^1$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	TOTAL MANUAL PREMIUM	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
	TOTAL SUBJECT PREMIUM	
x	Experience Modification (Exp Mod)	
	TOTAL MODIFIED PREMIUM	
x	Contractors Premium Adj Program factor $(1 - \text{CPAP credit \%})^2$	
+	Atomic Energy Radiation Exposure NOC†	
+	Charge for nonratable catastrophe loading‡	
+	Aircraft Seat Surcharge	
+	Waiver of Subrogation flat charge	[\$50.00 flat charge per contract]
+	Balance to Minimum Premium (State Act) ³	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA) ³	
	TOTAL STANDARD PREMIUM‡	
-	Premium Discount §	[% applied to Standard Premium]
+	Expense Constant*	
	ESTIMATED ANNUAL PREMIUM	

* Applies only when earned premium is greater than the minimum premium.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

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

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

1. Non-payroll class premium is computed differently. Refer to *Basic Manual* and *Wisconsin Statistical Plan Manual* for exceptions.

2. CPAP credit is established by the Wisconsin Compensation Rating Bureau.

3. Reported only when Total Manual Premium is less than minimum premium for the highest rated class reported on the policy.

NOC = Not Otherwise Classified.

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