

WISCONSIN WORKERS' COMPENSATION
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
LARGE RISK ALTERNATIVE RATING OPTION

PLAN TYPE

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.

(The following "attaching clause" needs to be completed only when this endorsement is issued subsequent to the preparation of the policy.)

This Endorsement, effective 12:01 AM _____ forms a part of Policy Number _____

Issued to _____

By _____

PART I. GENERAL TERMS and CONDITIONS

This endorsement determines the *Final Premium* for the Wisconsin Workers' Compensation insurance provided during the Rating Period by this policy, as a part of a country-wide insurance program that includes other policies described in this endorsement in Section 1 of PART II, and the renewals and replacements of each (the "policies"). The Rating Period begins and ends at 12:01 AM on the respective dates shown in Section 1 of PART II. If the Plan Type of this endorsement states Construction Project, this endorsement applies only to, and for the duration of, the construction project described in Section 1 of PART II.

The rates and the basis types described in PART II will remain fixed for the duration of the Rating Period, except (if applicable) Section 7 "Claims Service Charges on Fee Basis"..

Section 1. Premium Calculation

The *Final Premium* for the policies will be the sum of the total *Subject Premium* and the total *Non-Subject Premium*. The way that the total *Subject Premium* will be determined is described below and is shown in Section 9, Item A of PART II. The way that the total *Non-Subject Premium* will be determined is described below and is shown in Section 9, Item B of PART II.

- A. **Total Subject Premium:** The total *Subject Premium* for the policies will be determined separately by state and kind of insurance. For each state and kind of insurance, the *Subject Premium* must be the sum of *Subject Losses* and the Charges for the Net Aggregate Loss Factor, Expenses and Profit divided by the Tax/Assessment Divisor as determined below.
1. **Subject Losses:** The first part of the *Subject Premium* will be the sum of all *Subject Losses* under any applicable terms of the policies described in Section 1 of PART II and as identified in Section 5, Item b of PART II.
 2. **Charges for the Net Aggregate Loss Factor, Expenses and Profit:** The second part of the *Subject Premium* will be the component parts of the *Subject Premium* other than *Subject Losses* that are identified as line items in Section 9, Item A of PART II.

The entire estimated amount of each such charge can be found in Section 9, Item A of PART II subject to any applicable Minimum Premium shown for it.

We will apportion the entire amount of each such charge to each kind of insurance and state covered under the policies in proportion to the respective *Standard Premium* of each, except that:

- a. Charges for claims service expenses will be allocated in proportion to respective *Subject Losses*, and
- b. Charges for administrative expenses and profit for the kinds of insurance in the states described in Section 2 of PART II will be the difference between:

- i. the *Final Premium* for such kinds of insurance and states determined as provided for in the policy other than by this Endorsement, and
 - ii. the sum of *Subject Losses*, all other charges for the Net Aggregate Loss Factor, Expenses and Profit included in this item 2, taxes and assessments determined through the application of the Tax/Assessment Divisor, and *Non-Subject Premiums* for such states.
3. Tax/Assessment Divisor: One (1.000) less the Tax/Assessment Rate as shown in Section 9 Item A of PART II.
- B. **Total Non-Subject Premium**: The part of the *Final Premium* for the kinds or layers of insurance described in Section 9, Item B of PART II will be calculated as shown therein. If no Basis of premium determination for *Non-Subject Premium* is shown in Section 9, Item B of PART II, the *Non-Subject Premium* will be determined as set forth in the policy under which such insurance is provided.

Section 2. Schedule of Premium Adjustments

- A. The estimated *Final Premium* is shown in Section 9, Item C of PART II. We will recalculate the estimated *Final Premium* as soon as practicable after the First Valuation Date shown in Section 5 of PART II. We will recalculate the estimated *Final Premium* annually thereafter until you and we agree in writing that no more recalculations will be done.
- B. Additional premium due us, or return premium due you, resulting from the calculation or recalculation of the *Final Premium*, will be payable in its entirety promptly unless otherwise specified in a premium finance agreement between you and us.

Section 3. Expected Total Cost

In addition to *Final Premium*, you may be liable under the terms of the policies for certain *Allocated Loss Adjustment Expenses* we pay, subject to any *Minimum Cost* and *Maximum Cost* as described below, and surcharges. Our estimated amounts for such additional costs, if any, are shown in Section 9, Item C of PART II.

- A. **Minimum Cost**: If a *Minimum Cost* is applicable, that amount is the minimum you must pay for the *Subject Premium* and, if applicable, *Non-Subject Premium* and *ALAE* itemized in Section 6 Item A. c. of PART II. Component items not itemized in Section 6, Item A. c. of Part II are not included in the *Minimum Cost*. If an Adjustment Rate and a *Basis* of Adjustment are shown in Section 6, Item A. a. of PART II, the *Minimum Cost* will be determined by multiplying the Adjustment Rate by the actual *Basis* of Adjustment as determined by our final audit of your books and records.
- B. **Maximum Cost**: If a *Maximum Cost* is applicable, that amount is the maximum you must pay for *Subject Premium* and, if applicable, *Non-Subject Premium* and *ALAE* itemized in Section 6 Item B. c. of PART II. Component items not itemized in Section 6, Item B. c. of Part II are not included in the *Maximum Cost*. If an Adjustment Rate and a *Basis* of Adjustment are shown in Section 6, Item B. a. of PART II, the *Maximum Cost* will be determined by multiplying the Adjustment Rate by the actual *Basis* of Adjustment as determined by our final audit of your books and records.

Section 4. Definitions

- A. “*Aggregate Stop Amount*” means the maximum amount of benefits, damages and *ALAE* payable by you for losses under the policies described in Section I of PART II, subject to any *Aggregate Stop Limit*.
- B. “*Aggregate Stop Limit*” means the maximum amount of benefits, damages and *ALAE* above the *Aggregate Stop Amount for which we will pay*.
- C. “*Allocated Loss Adjustment Expenses*” or “*ALAE*” will include all fees for service of process and court costs and court expenses; pre- and post-judgment interest; attorneys’ fees; cost of undercover operative and detective services; costs of employing experts; costs for legal transcripts, copies of any public records, and costs of depositions and court-reported or recorded statements; costs and expenses of subrogation; and any similar fee, cost or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a loss or a claim or suit against you, or to the protection and perfection of your or our subrogation rights; medical management fees which may include medical bill audit fees, utilization management fees, network access fees, case management fees and any other costs associated with medical management services.

ALAE will not include loss adjustment expenses explicitly included in the premium calculation formula of Section 1, Paragraph A, Item 2 of this PART I or otherwise explicitly included in the rating values shown in PART II; nor the salary, employee benefits, or overhead of any of our employees, nor the fees of any attorney who is our employee or under our permanent retainer; nor the fees of any attorney we retain to provide counsel to us about our obligations, if any, under any policy issued by us or our affiliated companies, with respect to a claim or suit against you.

ALAE Option selected and shown in Section 3 of PART II is described below.

- a. Option A: *Subject Loss* includes all or a part of all *ALAE* such that the *Subject Loss* will not exceed the Loss Limit.
- b. Option B: *Subject Loss* includes 100% of all *ALAE*.
- c. Option C: *Subject Loss* includes all or a part of *ALAE* calculated according to the following formula:
 - i. If we incur NO obligation under the policies to pay damages, benefits or indemnity resulting from a claim, *Subject Loss* under that claim will include all *ALAE* up to the Loss Limit and a percentage of all *ALAE* in excess thereof. That percentage is shown in Section 3 of PART II under “Option C Excess %”; or
 - ii. If we DO incur an obligation to pay damages, benefits or indemnity under the policies because of a claim, *Subject Loss* under that claim will include all *ALAE* incurred under that claim, multiplied by the amount of our obligation to pay damages or benefits up to the Loss Limit, divided by the total amount of our obligation to pay damages or benefits.
- d. Option D: *Subject Loss* includes none of the *ALAE*.

- D. *“Basis”* will have the meaning(s) shown in Section 10 of PART II.
- E. *“Final Premium”* means the premium for the insurance afforded under the policies described in Section 1 of PART II and others as may be added by endorsement thereto, upon its final recalculation according to the terms of the policies and this endorsement. Prior to such final recalculation, the premium for such insurance is only the estimated premium.
- F. *“Incurred Loss”* means the total amount we have paid and have reserved for payment as damages or benefits because of an occurrence, accident, claim or suit, and all the *Allocated Loss Adjustment Expenses* we incur in connection therewith under a policy described in PART II, including reserves for occurrences, accidents, claims or suits that have happened but have not been reported to us and for statistically expected loss development on claims that have been reported to us.
- G. *“Minimum Cost”* means the minimum amount payable by you for the Schedule of *Subject Premium* and *ALAE*, if applicable, described in Section 6 of PART II.
- H. *“Maximum Cost”* means the maximum amount payable by you for the Schedule of *Subject Premium* and *ALAE*, if applicable, described in Section 6 of PART II.
- I. *“Non-Subject Premium”* means the premium not subject to the premium calculation of this endorsement.
- J. *“Loss Limit”* means the largest part of any damages or benefits paid or payable under a policy because of any single accident, occurrence, claim or suit, that we will include in the computation of the Subject Premium.
Such amount is shown in Section 4 of PART II for each type of insurance afforded under the policies described in Section 1 of PART II.
- K. *“Standard Premium”* means the premium as calculated according to the terms of each applicable policy, without application of this Endorsement, subject to the following:
 - 1. For Workers Compensation and Employers Liability Insurance, *Standard Premium* means the premium determined on the basis of our rates as approved by regulatory authority, the remuneration of your employees in the coverage period, your Experience Modifications, Loss Constant, and Minimum Premiums. Determination of *Standard Premium* will exclude:
 - a. any discount that recognizes any reduction in our expense ratio based on premium size or other factors; or
 - b. Expense Constant.
 - 2. For all other insurance, *Standard Premium* is the premium as calculated according to the terms of each applicable policy for insurance, but without the application of this Endorsement, and without reduction for any discount that recognizes any reduction in our expense ratio based on premium size or other factors.
- L. *“Subject Loss”* means the entire *Incurred Loss* up to the sum of:
 - 1. the damages or benefits we must pay or have paid, and
 - 2. all or a part of the *Allocated Loss Adjustment Expenses* we incur in accordance with the *ALAE* Option shown in Section 3 of PART II and defined in Item C of this section.
- M. *“Subject Premium”* means the premium subject to retrospective adjustment on the basis described in Section 1, Paragraph A of this PART I.

PART II. SCHEDULE of POLICIES and RATING VALUES

Section 1. APPLICATION of this Endorsement

RATING PERIOD: This Endorsement applies to the period beginning _____ and ending _____.
The *Basis* of Premium, *Subject Losses*, *Minimum Cost*, *Maximum Cost*, Minimum Premiums and Estimated Premiums shown in Section 5, Section 6, Section 7 and Section 9 of this PART II are estimated amounts for:

the **first year** of the Rating Period, or the **entire** Rating Period.

- POLICIES:** This Endorsement applies to the policies described below, and to their replacements and renewals effective during the Rating Period, or
 This Endorsement applies to the policies described below, and to their replacements and renewals, and all subcontractor policies issued under a **Construction Project**. The Construction Project is described as follows:

a. Workers Compensation and Employers Liability Insurance policies:

Section 2. Premiums for insurance on risks in any state other than Wisconsin must not be addressed within the terms and conditions of this endorsement.

Section 3. Allocated Loss Adjustment Expenses Options

ALAE Option (enter ALAE Option A, B, C or D as applicable)	If ALAE Option C, enter Excess %	Applies to
	%	
	%	
	%	
	%	

Section 4. Loss Limits: applicable to all insureds,

Kind of Insurance	Loss Limit	Applicable to	Limitations or Descriptions
Workers Compensation			
Workers Compensation and Employers Liability under State Law – Insured States	\$0	Each Accident or each Person for Disease	
Workers Compensation and Employers Liability under Federal Law – Insured States	\$0	Each Accident or each Person for Disease	
Workers Compensation and Employers Liability – Self-Insured States	\$0	Each Accident or each Person for Disease	
Employers Liability – Monopolistic States	\$0	Each Accident or each Person for Disease	

Section 5. Forecast of Subject Losses

Our forecast of your *Subject Losses*

\$0.

First Loss Valuation Date: and annually thereafter until all claims are closed or mutually agreed upon as to value.

Section 6. Minimum Cost and Maximum Cost

The *Minimum Cost* and *Maximum Cost*, to the extent any is in place on the country-wide insurance program, will be applied to the Wisconsin exposure only as explained below.

WC 48 05 02 A

To the extent Sections a and b are both completed, they will show which subject/non-subject components of Part II, Section 9 will be involved in calculating the maximum costs.

Item A. Minimum Cost: applicable, or not applicable

Line of Insurance: .

a. <i>Minimum Cost</i> , adjustable on the <i>Basis</i> and rate shown below:					\$0
<i>Basis of Adjustment:</i>		Per			
Estimated <i>Basis</i> amount:				Adjustment Rate:	

b. The following *Minimum Cost* itemization schedule applies:

Item B. Maximum Cost: applicable, or not applicable

Line of Insurance: .

The *Maximum Cost* will not be less than the estimated amount shown below.

a. <i>Maximum Cost</i> , adjustable on the <i>Basis</i> and rate shown below:					\$0
<i>Basis of Adjustment:</i>		Per			
Estimated <i>Basis</i> amount:				Adjustment Rate:	

b. The following *Maximum Cost* itemization schedule applies:

Section 7. Claims Service Charges

Charge shown in Section 9, Item A *Subject Premium* of PART II, or fee schedule described below.

The Claims Service Provider is: .

FEE SCHEDULE

If X'ed here, the following fee schedule applies:

Claims Services Fee Schedule - Rates per Claimant

Type of Claim	Rate per Claimant	Estimated No. of Claimants	Estimated Fee
WC Medical Only	0.00	0	\$ 0
WC Other Than Medical	0.00	0	\$ 0
Incident Reports	0.00	0	\$ 0
Estimated Total Rate-per-Claimant Fee			

If X'ed here, the following fee schedule applies:

Fee Schedule - Time and Expenses

Type of Charge	Rate	Per	Est. Units	Estimated Fee
Investigating Service by Employed Staff	0.00	Hour	0	\$ 0
Adjuster	0.00	Hour	0	\$ 0
General Adjuster	0.00	Hour	0	\$ 0
Executive General Adjuster	0.00	Hour	0	\$ 0
Heavy Equipment Appraiser	0.00	Hour	0	\$ 0
Auto Damage Appraiser	0.00	Hour	0	\$ 0
Property Damage Appraiser	0.00	Hour	0	\$ 0
Supervisor	0.00	Hour	0	\$ 0
Examiner	0.00	Hour	0	\$ 0
Account Manager	0.00	Hour	0	\$ 0
Subcontracted Investigations And Appraisals	0.00	Hour	0	\$ 0
Clerical and Statistical Processing	0.00	Hour	0	\$ 0
Other Expenses, including				
Telephone	0.00	Minute	0	\$ 0
Postage & Express Mail	0.00	Cost	0	\$ 0
Auto Mileage, Rental, Tolls, Parking	0.00	Mile	0	\$ 0
Photocopies	0.00	Copy	0	\$ 0
Photography	0.00	Photo	0	\$ 0
Public Transportation	0.00	Cost	0	\$ 0
Overhead	0.00	Flat	0	\$ 0
Services Outside of USA	0.00		0	\$ 0
Estimated Total Time and Expense				
Estimated Total Claims Service Charges				

Section 8. Taxes and Assessments

The Rates for taxes and assessments are shown in Item A. of Section 9 of PART II. The Rates will be fixed and applied without change in determining the *Final Premium* earned under the policies described in Section 1 of Part II during the first annual term of this endorsement. If the Rating Period under this endorsement is longer than 1 year, we will provide you written notice of the applicable taxes and assessments for the subsequent term of the Rating Period not less than thirty (30) days prior to each anniversary of this endorsement.

Section 9. The Rating Values and Amounts shown below apply as the *Basis* of the *Final Premium* for the policies described in Section 1 of this PART II.

If the Rating Period exceeds one year; and if the estimated *Basis* of Premium, Minimum Premiums and Estimated Premiums shown below apply only to the first year, on or about each anniversary of the beginning of the Rating Period, we will issue an extension of this Section to show the rating values and amounts for each subsequent year of the Rating Period.

Item A. Subject Premium, part of Final Premium						
Line Items	Rates	Per	Basis Types	Estimated Basis	Minimum Premium*	Estimated Premium
Forecast of <i>Subject Losses</i> in <i>Final Premium</i> from Part II Section 5.						\$0
Claims Supervision	0.0000	1		0	Yes/No	
Profit and Administration	0.0000	1		0	Yes/No	
Loss Control	0.0000	1		0	Yes/No	
Broker's Commission	0.0000	1		0	Yes/No	
Net Aggregate Loss Factor	0.0000	1		0	Yes/No	
Captive Management Fees	0.0000	1		0	Yes/No	
Subtotal						\$ 0

Taxes/Assessments %	%	or	Tax/Assessment Divisor:			\$ 0
Estimated Total Subject Premiums						\$ 0
Item B. Non-Subject Premiums, part of Final Premium						
Coverage Description	Rates	Per	Basis Types	Estimated Basis	Minimum Premium	Estimated Premium
Work Comp Excess	0.0000	1		0	Yes/No	
Estimated Total Non-Subject Premiums						\$ 0
Item C. Summary of Expected Total Cost						
Estimated <i>Final Premium</i> (Part A. plus Part B.)						\$ 0
<i>Minimum Cost</i> from Section 6. If not applicable, show \$0						\$ 0
<i>Maximum Cost</i> from Section 6. If not applicable, show \$0						\$ 0
Surcharges:	0.0000	1		0	Yes/No	\$0
EXPECTED TOTAL COST						

****Yes**** indicates that a minimum does apply on a country-wide basis inclusive of Wisconsin; and ****No**** indicates that no minimum applies either on a country-wide basis or in Wisconsin for a Wisconsin-only account. Any amount shown is for the minimum premium applicable to a Wisconsin-only program.

Section 10. Basis of Premium:

Payroll: means all of the money or the substitute for money earned during the terms of the policies described in Section 1 of this PART II by you if you are the proprietor (that has opted into the workers' compensation program) of the insured business, by all partners (that has opted into the workers' compensation program) or joint venturers if you are a partnership or joint venture, by all members (that has opted in to the workers' compensation program) if you are a limited liability company, and by all employees including temporary employees and workers leased by you from any employee leasing organization for their services to you during the policy period, subject to limitations set forth in the Wisconsin's Workers Compensation Rating Bureau's manual rules, if applicable.

Sales: means the gross amount of money you or others trading in your name have charged for all goods and services you or they have sold or distributed during the terms of the policies described in Section 1 of this PART II, including charges for delivery, installation, service and repair, and including taxes other than taxes which you or such others collect as a separate item and remit directly to a government division.

Receipts: means the gross amount of money you have charged others for work that you, your partners, your employees, your contractors and subcontractors at all levels have performed during the terms of the policies described in Section 1 of this PART II, including taxes other than taxes which you or such others collect as a separate item and remit directly to a government division.

Cost: means the total cost to you for all work performed for you during the terms of the policies described in Section 1 of this PART II by independent contractors and their subcontractors at all levels, including the cost of all labor, materials, equipment and supplies furnished, used or delivered for use in the execution of such work, whether furnished by the owner, by contractors, or subcontractors at any level, including but not limited to all fees, allowances, bonuses, and commissions either made, paid or due, as well as taxes other than taxes which you collect as a separate item and remit directly to a government division.

Units: means the number of items of the type specified in this endorsement. Units that you hold for use in your business **will** mean the sum of their number at the inception of the terms of the policies described in Section 1 of this PART II plus their number at their expiration or termination, times 50% of the fraction of a full year that such policies were in force. Units that you sell to others

whether for your own account or the account of another means the total number of such units that you sell during the term of such policies.

Indemnity Losses: means the total amount we have paid and have reserved for payment as Workers Compensation benefits other than Medical benefits under a policy described in this PART II, including reserves for accidents or illness that have happened but have not been reported to us and for statistically expected loss development on claims that have been reported to us.

PART III. AGGREGATE STOP

The *Aggregate Stop Amount* and the *Aggregate Stop Limit*, if any, shown in the Schedule below is representative of the country-wide insurance program and will be applied as explained below.

Section I. Aggregate Stop Amount

1. If an *Aggregate Stop Amount* is shown in the Schedule below, we will not include more than the *Aggregate Stop Amount* in the computation of the *Final Premium* and determination of maximum benefits, damages and "ALAE" payable by you under the terms of the policies described in Section I of PART II, subject to any *Aggregate Stop Limit* shown in the Schedule below.

The maximum benefits, damages and *ALAE* to be included in the computation of the *Final Premium* will be the *Aggregate Stop Amount* shown in the Schedule below.

2. **Adjustment:** If an Adjustment Rate and an Adjustment *Basis* are shown in the Schedule below, the *Aggregate Stop Amount* shown in the Schedule below is only an estimate. The *Aggregate Stop Amount* will be finally determined by multiplying the Adjustment Rate by the final Adjustment *Basis* as determined by our audit of your books and records. The *Aggregate Stop Amount* will not be less than the estimated amount shown in the Schedule below.
3. The *Aggregate Stop Amount* will not be reduced on account of the cancellation of any policy to which this Endorsement applies.

Section II. Aggregate Stop Limit

1. If an *Aggregate Stop Limit* is shown in the Schedule below, that Limit is the most *Subject Losses* above the *Aggregate Stop Amount* that will be excluded from the computation of the *Final Premium*
2. The *Aggregate Stop Limit* will not be reduced on account of the cancellation of any policy to which this Endorsement applies.

SCHEDULE

Aggregate Stop Amount and Aggregate Stop Limit

The *Aggregate Stop Amount* and the *Aggregate Stop Limit* apply to the first year of, or entire Rating Period.

Line of Insurance: .

To the extent this section is completed, it will show which subject/non-subject components of Part II, Section 8 will be involved in calculating the maximum costs.

a. <i>Aggregate Stop Amount</i> , adjustable on the <i>Basis</i> and rate shown below.					\$0
b. <i>Basis</i> of Adjustment		Per	0	Estimated <i>Basis</i> Amount:	0
Adjustment Rate:					
c. <i>Aggregate Stop Limit</i>					\$0