

## WISCONSIN - RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT LARGE RISK ALTERNATIVE RATING OPTION (LRARO)

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 Wisconsin. 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 three standard elements and an elective element.

### A. Retrospective Premium Standard Elements

The three 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 as outlined in our manuals
2. Basic premium is the premium at policy origination subject to adjustment for changes in payroll during the policy term. It includes an insurance charge for loss and loss adjustment expense excess of the maximum amount within the loss limitation, an excess loss charge for losses in excess of the loss limitation, expenses projected to be incurred by us, taxes and assessments applicable to Wisconsin, and profit and contingencies.
3. Incurred losses are all amounts we pay or estimate we will pay for losses and allocated loss adjustment expenses (ALAE), 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). Allocated loss adjustment expenses (ALAE) are expenses as defined in the Wisconsin Compensation Rating Bureau Workers' Compensation Statistical Plan Manual.  
**Note:** The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:
  - Resulting from the nonratable element codes
  - Developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act
  - Developed by the catastrophe provisions as outlined in our manuals.

### B. Retrospective Premium Elective Element

Another element is included in determining retrospective rating plan premium if you elected to include it. The excess loss premium for the Loss Limitation is 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.
2. The charge for the losses excess of the Loss Limitation is included in the basic premium.

**C. Retrospective Premium Formula**

1. The retrospective premium is the sum of the basic premium and the loss and allocated loss expense under the loss limitation. The loss and loss expense under the loss limitation is limited by the maximum loss amount within the loss limitation shown on the schedule.
2. The retrospective premium will not be less than the basic premium.
3. The basic premium and maximum amount within the loss limitation are subject to adjustment arising out of changes in estimated payroll.

**D. Calculation of Retrospective 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.
2. We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
3. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
4. 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**

This endorsement applies only to Wisconsin.

**F. Cancellation of a Policy Under a Retrospective Rating Plan**

1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.
2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel for nonpayment of premium, the basic premium will be pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. If you cancel, we retain 100% of basic premium and will include all of the applicable retrospective rating plan factors shown in the Schedule.

Schedule

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

2. Loss Limitation: \$ \_\_\_\_\_ Per Person

3. Maximum Loss Amount Within The Loss limitation: \$ \_\_\_\_\_

4. Basic Premium: \$ \_\_\_\_\_

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective	Policy No.	Endorsement No.
Insured		Premium
Insurance Company	Countersigned by _____	