

California Retrospective Rating Plan

Effective January 1, 2019

This *California Retrospective Rating Plan* (Plan) was developed by the Workers' Compensation Insurance Rating Bureau of California for the convenience of its members. This Plan was submitted to the Insurance Commissioner for informational purposes, but does not bear the official approval of the California Department of Insurance and is not a regulation. An insurer must make an independent assessment regarding its use of this Plan based upon its particular facts and circumstances.

© 2018 Workers' Compensation Insurance Rating Bureau of California. All rights reserved.

No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including, without limitation, photocopying and recording, or by any information storage or retrieval system without the prior written permission of the Workers' Compensation Insurance Rating Bureau of California (WCIRB), unless such copying is expressly permitted in this copyright notice or by federal copyright law. No copyright is claimed in the text of statutes and regulations quoted within this work.

Each WCIRB member company, including any registered third party entities, (Company) is authorized to reproduce any part of this work solely for the following purposes in connection with the transaction of workers' compensation insurance: (1) as necessary in connection with Company's required filings with the California Department of Insurance; (2) to incorporate portions of this work, as necessary, into Company manuals distributed at no charge only to Company employees; and (3) to the extent reasonably necessary for the training of Company personnel. Each Company and all agents and brokers licensed to transact workers' compensation insurance in the state of California are authorized to physically reproduce any part of this work for issuance to a prospective or current policyholder upon request at no charge solely for the purpose of transacting workers' compensation insurance and for no other purpose. This reproduction right does not include the right to make any part of this work available on any website or any form of social media.

Workers' Compensation Insurance Rating Bureau of California, WCIRB, WCIRB California, WCIRB Connect, WCIRB Inquiry, WCIRB CompEssentials, X-Mod Direct, eSCAD and the WCIRB California logo (WCIRB Marks) are registered trademarks or service marks of the WCIRB. WCIRB Marks may not be displayed or used in any manner without the WCIRB's prior written permission. Any permitted copying of this work must maintain any and all trademarks and/or service marks on all copies.

To seek permission to use any of the WCIRB Marks or any copyrighted material, please contact the WCIRB at customerservice@wcirb.com.

Part 1—General Provisions	1
I. General Purpose.....	1
II. General Definitions.....	1
Part 2—Application of Retrospective Rating	2
I. Eligibility Requirements.....	2
II. Retrospective Rating Plan Supplementary to the Experience Rating Plan	2
Part 3—Retrospective Rating Procedure	3
I. Retrospective Premium Formula.....	3
II. Description of Elements Used in this Plan	3
III. Retrospective Premium Computation.....	6
Part 4—Cancellation of Policy Subject to Retrospective Rating.....	8
I. Cancellation by the Employer Except When Retiring from Business	8
II. Cancellation by the Carrier or by an Employer When Retiring from Business	8
Appendix A	9
Sample Computation of the Basic Premium Factor	9
Attachment 1 – Illustrative Supporting Calculation of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment	13
Attachment 2 – Table of Expected Limited Loss Ranges/Pure Loss Ranges for Expected Limited Loss Groups (ELLGs) — \$100,000 per Accident Loss Limitation.....	15
Attachment 3 – Table of Limited Loss Insurance Charges (Excerpt) \$100,000 per Accident Loss Limitation.....	16
Attachment 4 – Table of Expected Limited Loss Ranges/Loss and ALAE Ranges for Expected Limited Loss and ALAE Groups (ELLAGs) \$100,000 per Accident Loss and ALAE Limitation.....	18
Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt) \$100,000 per Accident Loss and ALAE Limitation.....	19
Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt) \$100,000 per Accident Loss and ALAE Limitation.....	20
Appendix B	21
Determination of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment	21
Table 1 – Table of Classifications by California Hazard Group.....	23
Table 2 – Table of Ultimate Incurred Loss Elimination Ratios by California Hazard Group	25
Table 3 – Table of Ultimate Incurred Loss and ALAE Elimination Ratios by California Hazard Group	26
Table 4 – Table of California Pure Loss Hazard Group Severity Multipliers	27
Table 5 – Table of California Loss and ALAE Hazard Group Severity Multipliers	28
Appendix C	29
Determination of Insurance Charges	29
Table EULG – Table of Expected Unlimited Loss Ranges/Pure Loss Ranges for Expected Unlimited Loss Groups (EULGs)	32
Table EULAG – Table of Expected Unlimited Loss Ranges/Loss and ALAE Ranges for Expected Unlimited Loss and ALAE Groups (EULAGs)	33
Tables of Pure Loss Insurance Charges.....	34
Tables of Loss and ALAE Insurance Charges	35
Appendix D	36
Expense-Related Rating Values	36
RETROSPECTIVE PREMIUM ENDORSEMENT	Error! Bookmark not defined.

[This page was intentionally left blank.]

Part 1—General Provisions**I. General Purpose**

Part 1—General Provisions**I. General Purpose**

1. Retrospective rating provides for the adjustment of a risk's standard premium for workers' compensation insurance after expiration of its policy or policies (if combined for retrospective rating) based on the loss experience developed under the policy or policies.
2. Application of this Plan is optional for those risks that are eligible and may be used upon agreement of the insurer and the insured. The coverage is provided by a standard workers' compensation and employers' liability policy with the retrospective premium endorsement.

II. General Definitions

1. Employer means one or more entities meeting the ownership standards for experience rating purposes set forth in the *California Workers' Compensation Experience Rating Plan—1995*.
2. Experience Rating shall mean an experience modification computed in accordance with the *California Workers' Compensation Experience Rating Plan—1995* approved by the Insurance Commissioner of the State of California.
3. Risk shall mean and include all insured operations of an employer subject to this Plan.
4. Rates mean the insurer's authorized cost per exposure base unit prior to the application of individual risk variations based on loss or expense considerations.
5. Standard Premium is the workers' compensation insurance premium for the risk determined on the basis of the insurer's authorized rates, the exposure subject to this Plan, any applicable experience modifications and shall include any other authorized premium charge applicable, excluding premium discount. Standard premium shall exclude premium charges arising from the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future.
6. Premium Discount is a Plan that recognizes, through premium adjustments, that the expense of issuing and servicing larger premium policies is a smaller percentage of premium than for smaller policies.

Part 2—Application of Retrospective Rating

I. Eligibility Requirements

Part 2—Application of Retrospective Rating

I. Eligibility Requirements

1. A risk is eligible if the estimated standard premium for the policy or policies, which will be subject to the Plan, is at least \$25,000.
2. A risk is eligible for the large risk alternative rating option if the estimated standard premium subject to the Plan is at least \$500,000.

II. Retrospective Rating Plan Supplementary to the Experience Rating Plan

The *Retrospective Rating Plan* is independent of and superimposed upon experience rating. Even though the insured has elected this Plan, the insured shall continue to be experience rated in accordance with the provisions of the *California Workers' Compensation Experience Rating Plan—1995*.

Part 3—Retrospective Rating Procedure**I. Retrospective Premium Formula**

Part 3—Retrospective Rating Procedure**I. Retrospective Premium Formula**

1. Retrospective Premium Formula. The retrospective premium, subject to a minimum retrospective premium and a maximum retrospective premium, shall be computed by multiplying the sum of the following by the tax multiplier:
 - a. The basic premium; and
 - b. The converted lossessubject to the minimum retrospective premium and the maximum retrospective premium.
2. Multiple Policies. If a risk subject to this Plan is covered under two or more policies combined for retrospective rating, a single retrospective premium will be computed on the basis of the combined policies, not individually for each policy.
3. Calculation of Elements. The basic premium, converted losses, tax multiplier, minimum retrospective premium and maximum retrospective premium, as well as other related elements, are calculated as described in Section II.
4. Large Risk Alternative Rating Option. Risks with an estimated workers' compensation standard premium subject to this Plan of \$500,000 or more may be retrospectively rated as mutually agreed upon by the insurer and the insured.
5. Allocated Loss Adjustment Expense Option. If mutually agreed upon by the insurer and the insured, actual allocated loss adjustment expenses incurred against the policy can be included in the retrospective calculation with the expense allowance and expected loss ratio adjusted accordingly.

II. Description of Elements Used in this Plan

1. Standard Premium. Standard premium is the workers' compensation insurance premium for the risk determined on the basis of the insurer's authorized rates, the exposure subject to this Plan, any applicable experience modifications and shall include any other authorized premium charge applicable, excluding premium discount. Standard premium shall exclude premium charges arising from the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future.
2. Incurred Losses. Incurred losses used in the retrospective rating formula are the actual losses paid and outstanding, incurred against the policy, including allocated loss adjustment expenses on employers' liability losses. The incurred losses used in the formula shall be consistent with the definition of incurred indemnity and incurred medical in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*. However, incurred losses directly arising from certified terrorism losses, as defined by the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future, reported with a Catastrophe Code assigned pursuant to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, shall not be used in the retrospective rating formula.
3. Allocated Loss Adjustment Expenses. Allocated loss adjustment expenses (ALAE) represent the expenses of an insurer, in connection with handling a claim, which can be directly allocated to a particular claim. If mutually agreed upon between the insurer and insured, allocated loss adjustment expenses on workers' compensation claims incurred against the policy will be included in the retrospective calculation. The allocated loss adjustment expenses to be used in the formula shall be as defined in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*.

Part 3—Retrospective Rating Procedure**II. Description of Elements Used in this Plan**

However, allocated loss adjustment expenses directly arising from certified terrorism losses, as defined by the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future, reported with a Catastrophe Code assigned pursuant to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, shall not be used in the retrospective rating formula.

4. **Expense Allowance.** The expense allowance is the average provision for total expenses for the insured, excluding that provided through the tax multiplier. Provisions for expenses are included in Appendix D and are shown separately, including ALAE and excluding ALAE, if the ALAE option is elected.
5. **Basic Premium.** The basic premium is the product of the standard premium and a factor referred to as the basic premium factor. The basic premium factor is computed based on the expense ratios included in Appendix D, the selected loss conversion factor (LCF), the appropriate table of insurance charges, and the per accident loss limitation, if one is selected.

The basic premium is intended to provide for (a) the insurer's expenses, including profit and contingencies, other than those provided for by the LCF and the tax multiplier and (b) the net cost of limiting the retrospective premium to be between the minimum retrospective premium and the maximum retrospective premium, and (c) an excess loss premium if a per accident loss limitation is selected.

The basic premium factor is determined as the sum of the following elements (see Appendix A for a sample computation of the basic premium factor):

- a. **Expense and LCF Adjustment in Basic Premium Factor.** The expense and LCF adjustment in basic premium factor is determined as the expense allowance for the risk (Item 4 above), less the provision for expenses provided through the LCF (Item 6 below).

$$\begin{array}{l} \text{Expense and LCF Adjustment} \\ \text{in Basic Premium Factor} \end{array} = \text{Expense Allowance} - \text{Expense Provided through LCF};$$

where

$$\text{Expense Provided through LCF} = \text{Expected Loss Ratio} \times (\text{LCF} - 1.0)$$

- b. **Net Insurance Charge.** The net insurance charge is the difference between the charge resulting from limiting the retrospective premium to the maximum retrospective premium and the savings resulting from limiting the retrospective premium to the minimum retrospective premium, multiplied by the product of the expected loss ratio and the LCF. Table L insurance charges include an average charge for the per accident loss limitation when one is selected.
6. **Loss Conversion Factor (LCF).** The LCF is established by agreement of the insured and insurer. The selected LCF should not be large enough to result in negative expenses in the calculation of the basic premium factor.

Part 3—Retrospective Rating Procedure**II. Description of Elements Used in this Plan**

7. **Converted Losses.** Converted losses are the product of the incurred losses and, if elected, allocated loss adjustment expenses of the risk for the policy period to which this Plan is applicable and the LCF.

$$\text{Converted Losses} = \text{Incurred Losses} \times \text{LCF}$$

or if ALAE option is elected

$$\text{Converted Losses} = (\text{Incurred Losses} + \text{ALAE}) \times \text{LCF}$$

8. **Tax Multiplier.** The tax multiplier primarily reflects the cost of premium taxes and other miscellaneous costs that the insurer pays based on premium that is not otherwise provided for in this Plan. The tax multiplier is included in Appendix D.
9. **Minimum Retrospective Premium.** The minimum retrospective premium is determined by multiplying the standard premium subject to this Plan by the minimum retrospective premium ratio. The minimum retrospective premium ratio is established by agreement between the insured and insurer.

$$\text{Minimum Retrospective Premium} = \text{Standard Premium} \times \text{Minimum Retrospective Premium Ratio}$$

10. **Maximum Retrospective Premium.** The maximum retrospective premium is determined by multiplying the standard premium subject to this Plan by the maximum retrospective premium ratio. The maximum retrospective premium ratio is established by agreement between the insured and insurer.

$$\text{Maximum Retrospective Premium} = \text{Standard Premium} \times \text{Maximum Retrospective Premium Ratio}$$

11. **Expected Loss Ratio.** The expected loss ratio represents the total anticipated provision for losses and, if elected, allocated loss adjustment expenses as a proportion of standard premium for the risk. The expected loss ratio(s) to be used for risks subject to this Plan are included in Appendix D.
12. **Expected Losses.** Expected losses are the product of the standard premium (Item 1 above) and the expected loss ratio (Item 11 above).
13. **Tables of Insurance Charges.** The Tables of Insurance Charges are the basis upon which the insurance charges and savings reflected in this Plan are computed. Table “M” contemplates unlimited losses and Table “MA” contemplates unlimited loss and ALAE combined. Additional tables for losses only (Table “L’s”) and for loss and ALAE combined (Table “LA’s”), corresponding to 27 per accident loss limitations (see Appendix C), are periodically updated and the revised tables are available in electronic format on the WCIRB website. The tables are segregated by expected limited loss or expected limited loss and ALAE group and show, for each entry ratio (ratio of losses to expected limited losses), the following:
- A percentage representing the premium charge for providing insurance against the possibility that the risk’s incurred losses and, if elected, allocated loss adjustment expenses may produce a retrospective premium greater than the selected maximum retrospective premium.
 - A percentage representing the premium savings for providing insurance against the possibility that the risk’s incurred losses and, if elected, allocated loss adjustment expenses, may produce a retrospective premium less than the selected minimum retrospective premium.
- Determination of the insurance charge and savings for application in this Plan is discussed in detail in the Sample Computation of the Basic Premium Factor included as Appendix A.
14. **Risk California Hazard Group Severity Multiplier (RSM).** The risk California hazard group severity multiplier is applied to the expected losses (including ALAE, if elected) prior to selection of the expected limited loss group for use in determining insurance charges. This multiplier is intended to

Part 3—Retrospective Rating Procedure
III. Retrospective Premium Computation

reflect the impact on the insurance charge of differences in claim severities by California hazard group. The RSMs for losses only and for losses and ALAE are contained in Tables 4 and 5, respectively, of Appendix B.

15. Per Accident Loss Limitation. This is the amount to which the cost of each individual accident is limited. This is an elective element. The per accident loss limitation selected shall not exceed 50% of the unlimited expected losses. If the ALAE option is elected, this per accident loss limitation applies to the sum of a single accident's losses and allocated loss adjustment expenses.
16. Risk Loss Elimination Ratio (RLER). The risk loss elimination ratio represents the percentage of total expected losses and, if elected, ALAE for the risk estimated to exceed the selected per accident loss limitation, if any. It is computed in accordance with the procedures specified in Appendix B.
17. Losses Used for Expected Loss Group Selection (LUGS). The losses and, if elected, ALAE used for expected loss group selection are used to determine the expected loss group (limited or unlimited) or expected loss and ALAE group (limited or unlimited) to use as the basis upon which the insurance charge and savings are determined. It is intended to reflect the impact of the selected per accident loss limitation (if any) and the hazard group(s) of the risk on the potential of the risk to exceed the loss level underlying the maximum retrospective premium or to be less than the loss level underlying the minimum premium. As specified in Appendix B, this factor is determined by the following formula:

$$\text{LUGS} = \text{Expected Unlimited Losses (including, if elected, ALAE)} \times \text{RSM} \times (1 - \text{RLER})$$

18. Risk Excess Loss Factor. The risk excess loss factor represents the losses and, if elected, ALAE that are anticipated to be incurred above the per accident loss limitation, represented as a percentage of standard premium, if any such election was agreed upon by the insured and insurer. It is computed as the product of the risk loss elimination ratio (RLER) and the expected loss ratio.
19. Excess Loss Premium. The excess loss premium is an elective element in the retrospective premium formula and is determined as the product of the standard premium (Item 1 above), the risk excess loss factor (Item 18 above) and the loss conversion factor (Item 6 above). It is intended to reflect the cost of the per accident loss limitation, if any, agreed upon by the insurer and the insured. It is determined by the following formula:

$$\text{Excess Loss Premium} = \text{Standard Premium} \times \text{Risk Excess Loss Factor} \times \text{Loss Conversion Factor}$$

III. Retrospective Premium Computation

1. The first computation of the retrospective premium will be based upon incurred losses valued as of the sixth month subsequent to the month in which the last policy subject to the Plan expired or was cancelled, unless the insurer and insured agree to value incurred losses other than as provided herein. The first computation of the retrospective premium shall be made as soon as practical after the incurred losses have been prepared.
2. If the insurer and insured agree, the first computation of retrospective premium will be the final adjustment of premium under this Plan. In the absence of such an agreement, additional retrospective premium computations will be made by the insurer based on incurred losses valued at twelve (12) month intervals after the first valuation of losses (or such other intervals agreed upon by the insurer and insured) until the insurer and insured both agree that the latest computation shall be the final computation.
3. The final computation of the retrospective premium shall not be subject to revision other than for clerical error.

Part 3—Retrospective Rating Procedure

III. Retrospective Premium Computation

4. In cases involving bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations, the insurer may make an early computation of retrospective premium.

Part 4—Cancellation of Policy Subject to Retrospective Rating**I. Cancellation by the Employer Except When Retiring from Business**

Part 4—Cancellation of Policy Subject to Retrospective Rating**I. Cancellation by the Employer Except When Retiring from Business**

The retrospective premium shall be computed in accordance with the procedures specified in Part 3, except as noted herein.

The standard premium for each policy providing coverage for all or a portion of the operation shall be separately computed at short rates in accordance with the short-rate cancellation table, if any, in use by the insurer. The sum of the short-rate standard premium for each policy shall be the minimum retrospective premium. If a short-rate table has not been authorized for use by the insurer, the standard premium shall be computed on a pro rata basis.

The maximum retrospective premium shall be determined by extending the standard premium for each policy separately, to the full policy period on a prorated basis, and multiplying the sum of the extended standard premium for each policy by the agreed upon maximum retrospective premium ratio.

The basic premium shall be determined by multiplying the sum of the short-rate standard premium for each policy by the basic premium factor determined in accordance with this Plan for such sum.

II. Cancellation by the Carrier or by an Employer When Retiring from Business

The retrospective rating premium shall be computed in accordance with the procedure specified in Part 3, except that in the event of cancellation because of non-payment of premium, the maximum retrospective premium shall be determined as described in Section I of this Part.

Appendix A Sample Computation of the Basic Premium Factor

Appendix A Sample Computation of the Basic Premium Factor

Assume the Plan Agreement Provides*	Example A	Example B
	Losses Only	Loss and ALAE
A. Minimum Retrospective Premium Ratio <i>Negotiated</i>	60%	60%
B. Maximum Retrospective Premium Ratio <i>Negotiated</i>	140%	140%
C. Loss Conversion Factor <i>Negotiated</i>	1.1000	1.1000
D. Per Accident Loss Limitation <i>Negotiated</i>	\$100,000	\$100,000
E. Hypothetical Expense, Profit and Contingencies Provision (Excluding Taxes Reflected in Tax Multiplier)	0.2000	0.1500
F. Hypothetical Expected Loss (and ALAE) Ratio	0.6500	0.7500
G. Hypothetical Tax Multiplier	1.0240	1.0240
1. Estimated Standard Premium	\$769,231	\$800,000
2. Expected Losses (and ALAE for ALAE Option) (1) x (F)	\$500,000	\$600,000
3. Risk Excess Loss Factor (Attachment 1, Item 9, for Example A)	0.2624	0.3199
4. Expected Limited Loss Ratio (F) - (3)	0.3876	0.4301
5. Expenses (Excluding Taxes Reflected in Tax Multiplier) (E) x (1)	\$153,846	\$120,000
6. Expected Loss, Expense, Profit and Contingencies Ratio (E) + (F)	0.85	0.90
7. Converted Total Loss Ratio (C) x (F)	0.7150	0.8250
8. Expense Net of LCF Adjustment in Basic Premium Factor (E) - { [(C) - 1.0] x (F) }	0.1350	0.0750
9. Minimum Retrospective Premium Excluding Taxes [(A) ÷ (G)]	0.586	0.586
10. Maximum Retrospective Premium Excluding Taxes [(B) ÷ (G)]	1.367	1.367
11. Losses Used for Expected Loss Group Selection (LUGS) (Attachment 1, Item 11, for Example A)	\$269,528	\$313,510
12. Expected Limited Loss Group for LUGS (Attachment 2, Table ELLG-100K, for Example A and Attachment 4, Table ELLAG-100K, for Example B)	47	48
13. Insurance Charge Difference [(6) - (9)] / [(C) x (F)]	0.369	0.381
14. Entry Ratio Difference [(10) - (9)] / [(C) x (F)]	1.09	0.95
15. Ratio of Losses Producing Minimum Retrospective Premium to Expected Unlimited Losses	0.25	0.19
16. Ratio of Losses Producing Maximum Retrospective Premium to Expected Unlimited Losses	1.34	1.14
17. Table M or Table L Charge for (16)	0.421	0.458
18. Table M or Table L Savings for (15)	0.042	0.027
19. Net Insurance Charge Including Loss Elimination Ratio in Table L for Loss Limit (If Elected) [(17) - (18)] x (C) x (F)	0.2710	0.3556
20. Basic Premium Factor before LER Adjustment [(8) + (19)]	0.4060	0.4306
21. LER Adjustment (Attachment 1, Item 16, for Example A)	0.0255	0.0285
22. Basic Premium Factor + Risk Excess Premium Factor [(20) + (21)]	0.4315	0.4591

Note: Item (21) may be negative.

* All values are hypothetical and for illustrative purposes only. Actual ratios to be used by insurer are included in Appendix D.

Appendix A
Sample Computation of the Basic Premium Factor

The procedures used to establish the values and factors in the preceding example are as follows:

- 1. Estimated Standard Premium**
This is the estimated standard premium for the risk subject to this Plan.
- 2. Expected Losses**
The expected losses equal the estimated standard premium multiplied by the expected loss ratio. The expected loss ratio applicable to a particular risk is included in Appendix D. (The figure shown in the example is hypothetical, for illustrative purposes only.)
- 3. Risk Excess Loss Factor**
This factor represents the losses and, if elected, ALAE anticipated to be incurred above the per accident loss limitation, expressed as a proportion of standard premium. It is computed for this example in Attachment 1 in accordance with the procedures specified in Appendix B.
- 4. Expected Limited Loss Ratio**
This ratio is determined by subtracting the risk excess loss factor from the expected loss ratio.
- 5. Expenses (Excluding Taxes Reflected in the Tax Multiplier)**
The total expenses for the insured, including profit and contingency, but excluding the expenses expected to be collected via the tax multiplier, are based on the provisions for expenses in Appendix D. (The amount shown in the example is hypothetical, for illustrative purposes only.)
- 6. Expected Loss, Expense, Profit and Contingencies Ratio**
This ratio is obtained as the sum of the expected loss ratio and the expense, profit and contingencies ratio.
- 7. Converted Total Loss Ratio**
This factor, which represents the anticipated loss and expenses to be provided through the loss (and ALAE, if elected) component of this Plan, is the product of the expected loss ratio and the LCF.
- 8. Expense Net of LCF Adjustment in Basic Premium Factor**
This factor represents the difference between the expense, profit and contingencies ratio and the expenses provided through the LCF.
- 9. Minimum Retrospective Premium Excluding Taxes**
This is the minimum percentage of standard premium that can result from application of this Plan, adjusted by the tax multiplier. The minimum retrospective premium ratio is determined by agreement of the insured and insurer.
- 10. Maximum Retrospective Premium Excluding Taxes**
This is the maximum percentage of standard premium that can result from application of this Plan, adjusted by the tax multiplier. The maximum retrospective premium ratio is determined by agreement of the insured and insurer.
- 11. Losses Used for Expected Loss Group Selection (LUGS)**
This amount is the basis upon which the insurance charge and savings for the risk are determined. It reflects the expected losses including, if elected, ALAE adjusted for (a) the risk's potential for large claims, as reflected by the risk California hazard group severity multiplier (RSM), and (b) the impact of the per accident loss limitation (if any), as reflected in the risk loss elimination ratio (RLER). It is computed for this example in Attachment 1 in accordance with the procedures specified in Appendix B.
- 12. Expected (Limited) Loss Group for LUGS**
This is the expected loss group, or expected limited loss group if a per accident loss limitation is selected, corresponding to the losses used for expected loss group or, if the ALAE option is elected, loss and ALAE group selection (LUGS), as determined from the appropriate Table of Expected (Limited) Loss (and ALAE) Group Ranges. Tables of Expected Unlimited Loss Group Ranges (Table EULG) and

Appendix A

Sample Computation of the Basic Premium Factor

Expected Unlimited Loss and ALAE Group Ranges (Table EULAG) are included in Appendix C. The Tables of Expected Limited Loss Group Ranges and the Tables of Expected Limited Loss and ALAE Group Ranges for 27 per accident loss limitations are available in electronic format on the WCIRB website. For Examples A and B, the Tables of Expected Limited Loss (and ALAE) Group Ranges for a \$100,000 per accident loss limitation are included as Attachments 2 and 4.

13. Insurance Charge Difference

This relates to the difference between the charges in the appropriate Table of Insurance Charges corresponding to the selected per accident loss limitation, if any, for the entry ratios corresponding to the minimum and maximum retrospective premium ratios. Note that the denominator of this calculation is the Expected Unlimited Loss Ratio multiplied by the LCF, even when a loss limitation is selected. The use of the Tables of Insurance Charges is discussed with respect to Item 14 below.

14. Entry Ratio Difference

This relates to the difference between the entry ratios that correspond to the minimum and maximum premium ratios shown as Items 9 and 10, respectively. Note that the denominator of this calculation is the Expected Unlimited Loss Ratio multiplied by the LCF, even when a loss limitation is selected. Items 12, 13 and 14 are used to determine an insured's net insurance charge using the appropriate Table M or Table L of this Plan (see Appendix C).

For Example A (the computation for Example B which illustrates the ALAE option is done analogously using the Table LA corresponding to a \$100,000 per accident loss and ALAE limitation and the ALAE option), refer to the column labeled "Expected Limited Loss Group 47" in Table L100K. (An excerpt of the pertinent pages of Table L100K is included as Appendix A, Attachment 3.) Compare the charges for entry ratios from Table L100K that differ by 1.09 (Item 14). The appropriate Table L charges for these maximum and minimum entry ratios for this risk are those with charges that differ by approximately 0.369 (Item 13).

Entry Ratio	Entry Ratio +1.09	Table L100K Charge for Entry Ratio	Table L100K Charge for (Entry Ratio + 1.09)	Table L100K Charge Difference
0.23	1.32	0.807	0.423	0.384
0.24	1.33	0.799	0.422	0.377
0.25	1.34	0.792	0.421	0.371
0.26	1.35	0.785	0.420	0.365
0.27	1.36	0.778	0.419	0.359

The pair of entry ratios whose difference most closely approximates Item 13 (0.369) is recorded in Items 15 and 16 (0.25 and 1.34).

15. Ratio of Losses Producing Minimum Retrospective Premium to Expected Unlimited Losses

This is the entry ratio that corresponds to the selected minimum retrospective premium (see discussion to Item 14).

16. Ratio of Losses Producing Maximum Retrospective Premium to Expected Unlimited Losses

This is the entry ratio that corresponds to the selected maximum retrospective premium (see discussion to Item 14).

17. Table M or Table L Charge for (16)

This is the charge for losses and, if elected, ALAE in excess of those provided by the maximum retrospective premium. It is determined from the appropriate Table of Insurance Charges (M or L) based on the selected expected (unlimited or limited) loss group (Item 12) and the ratio of losses producing maximum retrospective premium to expected unlimited losses (Item 16).

Appendix A**Sample Computation of the Basic Premium Factor**

18. Table M or Table L Savings for (15)

This is the savings for losses and, if elected, ALAE less than those that would produce the minimum retrospective premium. The values for savings are calculated based upon the charge values in the appropriate Table of Insurance Charges (M or L) for the ratio of losses producing the minimum retrospective premium to expected unlimited losses (Item 15). The savings are calculated as the ratio plus the charge minus one. In Example A, the savings for an entry ratio of 0.25 for the Expected Limited Loss Group 47 is determined from Table L100K as 0.042. (See Appendix A, Attachment 3.) In the attachment, the values for savings are listed directly below the corresponding charge for each entry ratio and expected limited loss group.

19. Net Insurance Charge Including Loss Elimination Ratio (LER) in Table L for Loss Limit (If Elected)

The net insurance charge is determined as the difference between (a) the charge for potential losses and, if elected, ALAE which could produce a premium greater than the maximum retrospective premium and (b) the savings for losses and, if elected, ALAE which could produce a premium less than the minimum retrospective premium, multiplied by the expected unlimited loss ratio and the LCF. To avoid overlap between the charge for loss limitation and the insurance charge, the Table Ls include the average LER for the appropriate loss limit. The net insurance charges include the average LER for the selected loss limit, if any.

20. Basic Premium Factor Before LER Adjustment

The basic premium factor is the sum of the net insurance charge (line 19) and the expense and LCF adjustment in basic premium factor (line 8).

21. LER Adjustment

This item, calculated in Appendix B, adjusts the average LER reflected in the Table L insurance charge to the LER specific to the risk.

22. Basic Premium Factor After LER Adjustment

The basic premium factor after LER adjustment includes the net insurance charge and the charge for loss limitation, at a policy year 2019 level, adjusted for the risk's hazardousness characteristics, and the expense and LCF adjustment in basic premium factor. The standard premium multiplied by the basic premium factor produces the basic premium used in computing the retrospective premium.

Appendix A**Attachment 1 – Illustrative Supporting Calculation of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment****Attachment 1 – Illustrative Supporting Calculation of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment****Example A**

To calculate the Risk California Hazard Group Severity Multiplier (RSM), the Risk Loss Elimination Ratio (RLER), the Losses Used for Expected Loss Group Selection (LUGS), and the LER Adjustment, assume the unlimited expected losses are distributed by hazard group as shown in column (2) of the following table.

(1) California Hazard Group (7 Groups)	(2) Expected Unlimited Losses (and ALAE if Applicable)	(3) California HG Severity Multiplier	(4) Adjusted Expected Unlimited Losses (2) x (3)	(5) LER for Selected \$100,000 Limit	(6) Expected Losses Eliminated (2) x (5)
1	50,000	1.145	57,250	0.291	14,550
2	25,000	1.099	27,475	0.318	7,950
3	100,000	0.998	99,800	0.355	35,500
4	200,000	0.877	175,400	0.406	81,200
5	25,000	0.874	21,850	0.456	11,400
6	75,000	0.724	54,300	0.492	36,900
7	25,000	0.636	15,900	0.574	14,350
Total	\$500,000	—	\$451,975	—	\$201,850

Notes

Column (2)

Segregate expected unlimited losses (standard premium x expected loss ratio) by California hazard group.

Column (3)

From Table 4 of Appendix B, enter the severity multiplier for each California hazard group for the selected per accident loss limitation.

Column (5)

From Table 2 of Appendix B, enter the loss elimination ratio for each California hazard group for the selected per accident loss limitation.

(7)	Risk California Hazard Group Severity Multiplier (RSM) [Total (4) / Total (2)]	0.9040
(8)	Risk Loss Elimination Ratio (RLER) [Total (6) / Total (2)]	0.4037
(9)	Risk Excess Loss Factor [(8) x Expected Loss Ratio]	0.2624
(10)	Expected Unlimited Losses [Total (2)]	\$500,000
(11)	Losses Used for Expected Loss Group Selection (LUGS) is the product of the expected unlimited losses, the Risk California Hazard Group Severity Multiplier (RSM) and the complement of the Risk Loss Elimination Ratio (if applicable) { (10) x (7) x [1 – (8)] }	\$269,528

Use the column in the Table of Insurance Charges corresponding to the LUGS to develop the appropriate insurance charges and savings from the Table of Insurance Charges corresponding to a \$100,000 per accident loss limit (L100K).

Appendix A**Attachment 1 – Illustrative Supporting Calculation of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment**

(12)	Expected Loss Group Based on Line (11)	47
(13)	Loss Elimination Ratio Incorporated in Table L (Selected from the Schedule below)	0.368

Schedule of Loss Elimination Ratios Incorporated in Table Ls

Per Accident Loss Limit	Average LER Incorporated in Table L (No ALAE Option)	Average LER Incorporated in Table LA (ALAE Option)
None	0.000	0.000
25,000	0.689	0.721
35,000	0.617	0.653
50,000	0.533	0.568
75,000	0.434	0.464
100,000	0.368	0.392
150,000	0.290	0.301
200,000	0.247	0.250
250,000	0.219	0.217
300,000	0.199	0.194
400,000	0.172	0.165
500,000	0.154	0.146
600,000	0.141	0.132
700,000	0.131	0.121
800,000	0.122	0.113
900,000	0.115	0.106
1,000,000	0.109	0.100
2,000,000	0.072	0.065
3,000,000	0.053	0.048
4,000,000	0.040	0.037
5,000,000	0.031	0.029
6,000,000	0.024	0.023
7,000,000	0.019	0.018
8,000,000	0.015	0.015
9,000,000	0.012	0.012
10,000,000	0.010	0.010
15,000,000	0.004	0.004
20,000,000	0.001	0.002

(14)	Expected Loss, or Expected Loss and ALAE, Ratio (Appendix A, Item F)	0.650
(15)	Loss Conversion Factor (Appendix A, Item C)	1.100
(16)	LER Adjustment { [(8) – (13)] x (14) x (15) }	0.0255

For Example B, which illustrates the ALAE option, the computation is done analogously based on Tables 3 and 5 of Appendix B, the Table of Expected Limited Loss and ALAE Group Ranges (Table ELLAG-100K) and the Table of Loss and ALAE Insurance Charges for a \$100,000 loss limit (Table LA100K). See Appendix A, Attachments 4 and 5.

Appendix A

Attachment 2 – Table of Expected Limited Loss Ranges/Pure Loss Ranges
for Expected Limited Loss Groups (ELLGs) — \$100,000 per Accident Loss LimitationAttachment 2 – Table of Expected Limited Loss Ranges/Pure Loss Ranges
for Expected Limited Loss Groups (ELLGs) — \$100,000 per Accident Loss Limitation

Table L-100K				Table L-100K			
Expected Loss Group	Expected Limited Loss Range			Expected Loss Group	Expected Limited Loss Range		
99	1	—	1,772	68	45,158	—	48,534
98	1,773	—	3,068	67	48,535	—	51,689
97	3,069	—	4,338	66	51,690	—	54,926
96	4,339	—	5,600	65	54,927	—	58,368
95	5,601	—	6,858	64	58,369	—	61,935
94	6,859	—	8,115	63	61,936	—	65,501
93	8,116	—	9,370	62	65,502	—	69,653
92	9,371	—	10,624	61	69,654	—	74,465
91	10,625	—	11,878	60	74,466	—	79,319
90	11,879	—	13,132	59	79,320	—	84,763
89	13,133	—	14,385	58	84,764	—	91,497
88	14,386	—	15,638	57	91,498	—	98,939
87	15,639	—	16,891	56	98,940	—	106,820
86	16,892	—	18,144	55	106,821	—	115,987
85	18,145	—	19,396	54	115,988	—	126,032
84	19,397	—	20,649	53	126,033	—	136,076
83	20,650	—	21,901	52	136,077	—	147,255
82	21,902	—	23,154	51	147,256	—	162,604
81	23,155	—	24,406	50	162,605	—	181,201
80	24,407	—	25,658	49	181,202	—	211,442
79	25,659	—	26,911	48	211,443	—	248,127
78	26,912	—	28,163	47	248,128	—	275,488
77	28,164	—	29,415	46	275,489	—	305,490
76	29,416	—	30,667	45	305,491	—	380,515
75	30,668	—	31,920	44	380,516	—	520,785
74	31,921	—	33,172	43	520,786	—	674,638
73	33,173	—	34,479	42	674,639	—	837,945
72	34,480	—	36,317	41	837,946	—	1,250,052
71	36,318	—	38,653	40	1,250,053	—	1,795,578
70	38,654	—	41,583	39	1,795,579	—	2,525,610
69	41,584	—	45,157	38	2,525,611	—	and Over

Appendix A

Attachment 3 – Table of Limited Loss Insurance Charges (Excerpt)

\$100,000 per Accident Loss Limitation

Attachment 3 – Table of Limited Loss Insurance Charges (Excerpt)

\$100,000 per Accident Loss Limitation

Entry Ratio	Expected Limited Loss Group											
	43	44	45	46	47	48	49	50	51	52	53	54
0.20	0.812	0.818	0.824	0.826	0.829	0.834	0.841	0.845	0.849	0.853	0.857	0.861
	0.012	0.018	0.024	0.026	0.029	0.034	0.041	0.045	0.049	0.053	0.057	0.061
0.21	0.803	0.809	0.816	0.819	0.822	0.827	0.834	0.838	0.842	0.847	0.851	0.855
	0.013	0.019	0.026	0.029	0.032	0.037	0.044	0.048	0.052	0.057	0.061	0.065
0.22	0.795	0.801	0.808	0.811	0.814	0.819	0.827	0.832	0.836	0.840	0.845	0.849
	0.015	0.021	0.028	0.031	0.034	0.039	0.047	0.052	0.056	0.060	0.065	0.069
0.23	0.786	0.793	0.800	0.803	0.807	0.812	0.820	0.825	0.829	0.834	0.839	0.843
	0.016	0.023	0.030	0.033	0.037	0.042	0.050	0.055	0.059	0.064	0.069	0.073
0.24	0.778	0.785	0.793	0.796	0.799	0.805	0.814	0.818	0.823	0.828	0.833	0.838
	0.018	0.025	0.033	0.036	0.039	0.045	0.054	0.058	0.063	0.068	0.073	0.078
0.25	0.769	0.777	0.785	0.789	0.792	0.798	0.807	0.812	0.817	0.822	0.827	0.832
	0.019	0.027	0.035	0.039	0.042	0.048	0.057	0.062	0.067	0.072	0.077	0.082
0.26	0.761	0.769	0.777	0.781	0.785	0.791	0.801	0.806	0.811	0.816	0.821	0.826
	0.021	0.029	0.037	0.041	0.045	0.051	0.061	0.066	0.071	0.076	0.081	0.086
0.27	0.753	0.762	0.770	0.774	0.778	0.785	0.794	0.799	0.804	0.810	0.815	0.821
	0.023	0.032	0.040	0.044	0.048	0.055	0.064	0.069	0.074	0.080	0.085	0.091
0.28	0.745	0.754	0.763	0.767	0.771	0.778	0.788	0.793	0.798	0.804	0.809	0.815
	0.025	0.034	0.043	0.047	0.051	0.058	0.068	0.073	0.078	0.084	0.089	0.095
0.29	0.737	0.746	0.755	0.760	0.764	0.771	0.781	0.787	0.792	0.798	0.804	0.810
	0.027	0.036	0.045	0.050	0.054	0.061	0.071	0.077	0.082	0.088	0.094	0.100
0.30	0.729	0.739	0.748	0.753	0.757	0.765	0.775	0.781	0.786	0.792	0.798	0.804
	0.029	0.039	0.048	0.053	0.057	0.065	0.075	0.081	0.086	0.092	0.098	0.104

Appendix A

Attachment 3 – Table of Limited Loss Insurance Charges (Excerpt)

\$100,000 per Accident Loss Limitation

Attachment 3 – Table of Limited Loss Insurance Charges (Excerpt)

\$100,000 per Accident Loss Limitation

Entry Ratio	Expected Limited Loss Group											
	43	44	45	46	47	48	49	50	51	52	53	54
1.24	0.403	0.409	0.415	0.423	0.432	0.441	0.447	0.456	0.465	0.473	0.482	0.491
1.25	0.402	0.408	0.413	0.422	0.430	0.439	0.445	0.454	0.463	0.472	0.480	0.489
1.26	0.402	0.407	0.412	0.421	0.429	0.438	0.444	0.453	0.462	0.470	0.479	0.487
1.27	0.401	0.406	0.411	0.419	0.428	0.437	0.443	0.451	0.460	0.469	0.477	0.486
1.28	0.400	0.405	0.410	0.418	0.427	0.436	0.441	0.450	0.459	0.467	0.476	0.484
1.29	0.400	0.404	0.409	0.417	0.426	0.435	0.440	0.449	0.457	0.466	0.474	0.482
1.30	0.399	0.403	0.408	0.416	0.425	0.433	0.439	0.447	0.456	0.464	0.472	0.481
1.31	0.398	0.403	0.407	0.415	0.424	0.432	0.438	0.446	0.454	0.463	0.471	0.479
1.32	0.398	0.402	0.406	0.414	0.423	0.431	0.436	0.445	0.453	0.461	0.470	0.478
1.33	0.397	0.401	0.406	0.413	0.422	0.430	0.435	0.443	0.452	0.460	0.468	0.476
1.34	0.396	0.401	0.405	0.412	0.421	0.429	0.434	0.442	0.450	0.459	0.467	0.475
1.35	0.396	0.400	0.404	0.411	0.420	0.428	0.433	0.441	0.449	0.457	0.465	0.473
1.36	0.395	0.399	0.403	0.410	0.419	0.427	0.432	0.440	0.448	0.456	0.464	0.472
1.37	0.395	0.398	0.402	0.410	0.418	0.426	0.431	0.439	0.447	0.454	0.462	0.470
1.38	0.394	0.398	0.401	0.409	0.417	0.425	0.430	0.437	0.445	0.453	0.461	0.469
1.39	0.394	0.397	0.400	0.408	0.416	0.424	0.428	0.436	0.444	0.452	0.460	0.468
1.40	0.393	0.397	0.400	0.407	0.415	0.423	0.427	0.435	0.443	0.451	0.458	0.466
1.41	0.393	0.396	0.399	0.406	0.414	0.422	0.426	0.434	0.442	0.449	0.457	0.465
1.42	0.392	0.395	0.398	0.405	0.413	0.421	0.425	0.433	0.440	0.448	0.456	0.463
1.43	0.392	0.395	0.398	0.404	0.412	0.420	0.424	0.432	0.439	0.447	0.455	0.462
1.44	0.391	0.394	0.397	0.404	0.411	0.419	0.423	0.431	0.438	0.446	0.453	0.461
1.45	0.391	0.394	0.396	0.403	0.411	0.418	0.422	0.430	0.437	0.445	0.452	0.460

Appendix A

**Attachment 4 – Table of Expected Limited Loss Ranges/Loss and ALAE
Ranges for Expected Limited Loss and ALAE Groups (ELLAGs)
\$100,000 per Accident Loss and ALAE Limitation**

**Attachment 4 – Table of Expected Limited Loss Ranges/Loss and ALAE
Ranges for Expected Limited Loss and ALAE Groups (ELLAGs)
\$100,000 per Accident Loss and ALAE Limitation**

Table LA-100K Expected Loss & ALAE Group	Expected Limited Loss & ALAE Range			Table LA-100K Expected Loss & ALAE Group	Expected Limited Loss & ALAE Range		
99	1	—	2,123	69	49,252	—	52,810
98	2,124	—	3,676	68	52,811	—	56,501
97	3,677	—	5,199	67	56,502	—	60,234
96	5,200	—	6,711	66	60,235	—	63,993
95	6,712	—	8,219	65	63,994	—	67,994
94	8,220	—	9,725	64	67,995	—	72,415
93	9,726	—	11,229	63	72,416	—	77,008
92	11,230	—	12,733	62	77,009	—	81,773
91	12,734	—	14,235	61	81,774	—	87,128
90	14,236	—	15,738	60	87,129	—	92,916
89	15,739	—	17,240	59	92,917	—	98,703
88	17,241	—	18,742	58	98,704	—	106,416
87	18,743	—	20,243	57	106,417	—	116,865
86	20,244	—	21,744	56	116,866	—	128,305
85	21,745	—	23,246	55	128,306	—	141,040
84	23,247	—	24,747	54	141,041	—	154,871
83	24,748	—	26,248	53	154,872	—	168,699
82	26,249	—	27,749	52	168,700	—	185,280
81	27,750	—	29,250	51	185,281	—	206,850
80	29,251	—	30,751	50	206,851	—	247,170
79	30,752	—	32,252	49	247,171	—	294,918
78	32,253	—	33,753	48	294,919	—	329,275
77	33,754	—	35,253	47	329,276	—	367,837
76	35,254	—	36,754	46	367,838	—	466,791
75	36,755	—	38,255	45	466,792	—	682,784
74	38,256	—	39,756	44	682,785	—	920,297
73	39,757	—	41,256	43	920,298	—	1,360,040
72	41,257	—	43,197	42	1,360,041	—	2,067,293
71	43,198	—	45,958	41	2,067,294	—	3,063,756
70	45,959	—	49,251	40	3,063,757	—	and Over

Appendix A

Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt)

\$100,000 per Accident Loss and ALAE Limitation

Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt)

\$100,000 per Accident Loss and ALAE Limitation

Entry Ratio	Expected Limited Loss & ALAE Group											
	44	45	46	47	48	49	50	51	52	53	54	55
0.14	0.864	0.868	0.872	0.874	0.877	0.879	0.885	0.888	0.891	0.895	0.898	0.901
	0.004	0.008	0.012	0.014	0.017	0.019	0.025	0.028	0.031	0.035	0.038	0.041
0.15	0.855	0.859	0.864	0.866	0.868	0.871	0.878	0.881	0.884	0.888	0.891	0.895
	0.005	0.009	0.014	0.016	0.018	0.021	0.028	0.031	0.034	0.038	0.041	0.045
0.16	0.846	0.850	0.855	0.858	0.860	0.864	0.871	0.874	0.877	0.881	0.885	0.889
	0.006	0.010	0.015	0.018	0.020	0.024	0.031	0.034	0.037	0.041	0.045	0.049
0.17	0.836	0.841	0.847	0.850	0.852	0.856	0.863	0.867	0.871	0.875	0.879	0.883
	0.006	0.011	0.017	0.020	0.022	0.026	0.033	0.037	0.041	0.045	0.049	0.053
0.18	0.827	0.833	0.839	0.841	0.845	0.848	0.856	0.860	0.864	0.868	0.872	0.877
	0.007	0.013	0.019	0.021	0.025	0.028	0.036	0.040	0.044	0.048	0.052	0.057
0.19	0.818	0.824	0.831	0.833	0.837	0.841	0.849	0.853	0.857	0.862	0.866	0.871
	0.008	0.014	0.021	0.023	0.027	0.031	0.039	0.043	0.047	0.052	0.056	0.061
0.20	0.809	0.816	0.823	0.826	0.829	0.833	0.842	0.846	0.851	0.855	0.860	0.865
	0.009	0.016	0.023	0.026	0.029	0.033	0.042	0.046	0.051	0.055	0.060	0.065
0.21	0.800	0.807	0.815	0.818	0.821	0.826	0.835	0.840	0.844	0.849	0.854	0.859
	0.010	0.017	0.025	0.028	0.031	0.036	0.045	0.050	0.054	0.059	0.064	0.069
0.22	0.791	0.799	0.807	0.810	0.814	0.819	0.828	0.833	0.838	0.843	0.848	0.853
	0.011	0.019	0.027	0.030	0.034	0.039	0.048	0.053	0.058	0.063	0.068	0.073
0.23	0.783	0.791	0.799	0.802	0.806	0.812	0.822	0.826	0.831	0.837	0.842	0.847
	0.013	0.021	0.029	0.032	0.036	0.042	0.052	0.056	0.061	0.067	0.072	0.077
0.24	0.774	0.783	0.791	0.795	0.799	0.804	0.815	0.820	0.825	0.831	0.836	0.842
	0.014	0.023	0.031	0.035	0.039	0.044	0.055	0.060	0.065	0.071	0.076	0.082

Appendix A**Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt)****\$100,000 per Accident Loss and ALAE Limitation****Attachment 5 – Table of Limited Loss and ALAE Insurance Charges (Excerpt)****\$100,000 per Accident Loss and ALAE Limitation**

Entry Ratio	Expected Limited Loss & ALAE Group											
	44	45	46	47	48	49	50	51	52	53	54	55
1.04	0.435	0.444	0.453	0.463	0.473	0.483	0.493	0.502	0.512	0.522	0.531	0.541
1.05	0.434	0.443	0.452	0.462	0.471	0.481	0.491	0.500	0.510	0.520	0.529	0.539
1.06	0.433	0.442	0.450	0.460	0.470	0.480	0.489	0.499	0.508	0.518	0.527	0.537
1.07	0.432	0.441	0.449	0.458	0.468	0.478	0.488	0.497	0.506	0.516	0.525	0.535
1.08	0.431	0.439	0.447	0.457	0.467	0.477	0.486	0.495	0.504	0.514	0.523	0.533
1.09	0.430	0.438	0.446	0.455	0.465	0.475	0.484	0.493	0.502	0.512	0.521	0.531
1.10	0.429	0.437	0.445	0.454	0.464	0.473	0.483	0.492	0.501	0.510	0.519	0.529
1.11	0.428	0.436	0.443	0.453	0.462	0.472	0.481	0.490	0.499	0.508	0.517	0.527
1.12	0.427	0.435	0.442	0.451	0.461	0.470	0.479	0.488	0.497	0.506	0.515	0.525
1.13	0.427	0.434	0.441	0.450	0.459	0.469	0.478	0.486	0.495	0.504	0.514	0.523
1.14	0.426	0.433	0.439	0.448	0.458	0.468	0.476	0.485	0.494	0.503	0.512	0.521
1.15	0.425	0.432	0.438	0.447	0.457	0.466	0.475	0.483	0.492	0.501	0.510	0.519
1.16	0.424	0.431	0.437	0.446	0.455	0.465	0.474	0.482	0.490	0.499	0.508	0.517
1.17	0.424	0.430	0.436	0.445	0.454	0.464	0.472	0.480	0.489	0.498	0.507	0.515
1.18	0.423	0.429	0.435	0.443	0.453	0.462	0.471	0.479	0.487	0.496	0.505	0.514
1.19	0.422	0.428	0.433	0.442	0.451	0.461	0.469	0.477	0.486	0.494	0.503	0.512
1.20	0.422	0.427	0.432	0.441	0.450	0.460	0.468	0.476	0.484	0.493	0.502	0.510
1.21	0.421	0.426	0.431	0.440	0.449	0.459	0.467	0.474	0.483	0.491	0.500	0.509
1.22	0.420	0.426	0.430	0.439	0.448	0.457	0.465	0.473	0.481	0.490	0.498	0.507
1.23	0.420	0.425	0.429	0.438	0.447	0.456	0.464	0.472	0.480	0.488	0.497	0.505
1.24	0.419	0.424	0.428	0.437	0.446	0.455	0.463	0.470	0.478	0.487	0.495	0.504
1.25	0.418	0.423	0.427	0.436	0.445	0.454	0.462	0.469	0.477	0.485	0.494	0.502

Appendix B

Determination of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment

Appendix B

Determination of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment

Classifications are assigned to hazard groups based on the propensity for claim amounts of different sizes in the classification. Table 1 includes the list of hazard group assignments by classification. (If classifications other than those included in the standard classification system are included on the policy, unlimited expected losses shall be assigned to the appropriate classification in the standard classification system for purposes of hazard group determination.) An insured's exposures are assigned to hazard group as follows:

Expected unlimited losses including, if elected, ALAE are segregated by hazard group based on the assignment of classifications to hazard groups (see Table 1). The Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment are determined from the expected unlimited losses including, if elected, ALAE by hazard group as described in the table below (see Appendix A, Attachment 1, for illustrative example):

(1)	(2)	(3)	(4)	(5)	(6)
California Hazard Group	Expected Unlimited Losses	California HG Severity Multiplier	Adjusted Expected Unlimited Losses (2) x (3)	LER for Selected Limit	Expected Losses Eliminated (2) x (5)
1					
2					
3					
4					
5					
6					
7					
Total					

Notes

Column (2)

Segregate expected unlimited losses including, if elected, ALAE (standard premium x expected loss ratio) by California hazard group.

Column (3)

Select appropriate California Hazard Group Severity Multipliers from Table 4 (or Table 5 if ALAE option selected) of this Appendix.

Column (5)

From Table 2 or Table 3 (if ALAE was elected to be subject to the Plan), enter the loss elimination ratio for each California hazard group for the selected per accident loss limitation. If no per accident loss limitation is selected, the risk loss elimination ratio is zero.

- (7) Risk California Hazard Group Severity Multiplier (RSM) [Total (4)/Total (2)] _____
- (8) Risk Loss Elimination Ratio (RLER) [Total (6)/Total (2)] _____
- (9) Risk Excess Loss Factor [(8) x Expected Loss Ratio] _____
- (10) Expected Unlimited Losses [Total (2)] _____

Appendix B

Determination of Risk California Hazard Group Severity Multiplier (RSM), Risk Loss Elimination Ratio (RLER), Losses Used for Expected Loss Group Selection (LUGS), and LER Adjustment

- (11) Losses Used for Expected Loss Group Selection (LUGS) is the product of the expected unlimited losses, the Risk California Hazard Group Severity Multiplier (RSM) and the complement of the Risk Loss Elimination Ratio (if applicable)
 $\{ (10) \times (7) \times [1 - (8)] \}$

Use the column in the appropriate Table of Insurance Charges corresponding to the LUGS as determined from the appropriate Table of Expected (Unlimited or Limited) Loss Ranges or Table of Expected (Unlimited or Limited) Loss and ALAE Ranges to develop the insurance charge and savings.

- (12) Expected Loss Group Based on Line (11) _____
 (13) Loss Elimination Ratio Incorporated in Table L (Selected from the Schedule below) _____

Schedule of Loss Elimination Ratios Incorporated in Table Ls

Per Accident Loss Limit	Average LER Incorporated in Table L (No ALAE Option)	Average LER Incorporated in Table LA (ALAE Option)
None	0.000	0.000
25,000	0.689	0.721
35,000	0.617	0.653
50,000	0.533	0.568
75,000	0.434	0.464
100,000	0.368	0.392
150,000	0.290	0.301
200,000	0.247	0.250
250,000	0.219	0.217
300,000	0.199	0.194
400,000	0.172	0.165
500,000	0.154	0.146
600,000	0.141	0.132
700,000	0.131	0.121
800,000	0.122	0.113
900,000	0.115	0.106
1,000,000	0.109	0.100
2,000,000	0.072	0.065
3,000,000	0.053	0.048
4,000,000	0.040	0.037
5,000,000	0.031	0.029
6,000,000	0.024	0.023
7,000,000	0.019	0.018
8,000,000	0.015	0.015
9,000,000	0.012	0.012
10,000,000	0.010	0.010
15,000,000	0.004	0.004
20,000,000	0.001	0.002

- (14) Expected Loss, or Expected Loss and ALAE, Ratio (Appendix A, Item F) _____
 (15) Loss Conversion Factor (Appendix A, Item C) _____
 (16) LER Adjustment $\{ [(8) - (13)] \times (14) \times (15) \}$ _____

Appendix B

Table 1 – Table of Classifications by California Hazard Group

Table 1 – Table of Classifications by California Hazard Group

Class No.	Hazard Group	Class No.	Hazard Group	Class No.	Hazard Group	Class No.	Hazard Group	Class No.	Hazard Group
0005	1	2150	1	3146	1	3840	3	4683	3
0016	2	2163	4	3152	2	4000	4	4691	3
0034	3	2211	3	3165	2	4034	5	4692	3
0035	1	2222	2	3169	3	4036	4	4717	3
0036	2	2362	6	3175	3	4038	3	4720	2
0038	5	2402	3	3178	1	4041	3	4740	5
0040	2	2413	3	3179	1	4049	4	4771	3
0041	5	2501	1	3180	5	4111	4	4828	3
0042	3	2570	3	3220	3	4112	2	4829	5
0044	4	2571	3	3241	1	4114	4	4831	4
0045	4	2576	4	3255	1	4130	5	4922	4
0050	5	2578	1	3257	1	4133	4	4983	5
0079	2	2584	1	3300	1	4150	3	5020	5
0096	4	2585	1	3339	5	4239	3	5027	6
0106	7	2586	1	3365	2	4240	2	5028	5
0171	5	2589	3	3372	4	4243	1	5029	5
0172	3	2623	1	3373	4	4244	4	5040	7
0251	5	2660	2	3383	3	4250	4	5057	6
0400	3	2683	2	3400	5	4251	2	5059	7
0401	5	2688	1	3401	5	4279	3	5102	5
1122	5	2702	7	3501	3	4283	3	5107	3
1123	4	2710	1	3507	4	4286	2	5108	5
1124	4	2727	7	3560	2	4295	4	5128	6
1320	7	2731	2	3566	4	4297	3	5140	5
1322	7	2757	3	3567	4	4299	3	5146	4
1330	4	2759	3	3568	1	4304	3	5160	7
1438	2	2790	1	3569	2	4312	3	5183	4
1452	4	2797	2	3570	4	4351	3	5184	6
1463	6	2806	3	3572	2	4354	1	5185	5
1624	5	2812	4	3573	3	4360	3	5186	3
1699	3	2819	2	3574	5	4361	1	5187	6
1701	6	2840	1	3577	2	4362	3	5188	5
1710	6	2842	3	3578	4	4410	3	5190	6
1741	6	2852	2	3579	4	4414	3	5191	5
1803	4	2881	2	3612	3	4420	2	5192	3
1925	4	2883	4	3620	4	4431	4	5195	3
2002	2	2915	4	3632	3	4432	4	5201	3
2003	2	2923	5	3634	2	4470	4	5205	7
2014	5	2960	1	3643	1	4478	4	5207	7
2030	5	3004	1	3647	3	4492	2	5212	6
2063	3	3018	1	3651	2	4494	2	5213	6
2081	5	3022	1	3681	4	4495	1	5214	3
2095	3	3030	6	3682	1	4496	3	5222	6
2102	4	3039	4	3683	2	4497	3	5225	6
2106	3	3040	1	3719	7	4498	2	5348	2
2107	1	3060	3	3724	5	4499	5	5403	6
2108	1	3066	4	3726	5	4511	3	5432	5
2109	2	3070	3	3805	3	4512	3	5436	2
2111	3	3076	3	3807	3	4557	5	5443	4
2113	3	3081	2	3808	1	4558	2	5446	3
2116	1	3082	3	3815	3	4567	3	5447	6
2117	2	3085	3	3821	3	4611	3	5467	4
2121	2	3099	4	3828	2	4623	4	5470	4
2123	1	3110	6	3830	5	4635	5	5473	6
2142	3	3131	3	3831	2	4665	3	5474	5

Appendix B**Table 1 – Table of Classifications by California Hazard Group****Table 1 (Continued)****Table of Classifications by California Hazard Group**

Class No.	Hazard Group								
5479	4	7382	3	8070	5	8804	3	9151	1
5482	7	7392	1	8071	3	8806	1	9154	3
5484	3	7403	2	8078	1	8807	2	9155	3
5485	7	7405	1	8102	2	8808	2	9156	1
5506	6	7409	7	8103	5	8810	2	9180	5
5507	7	7410	2	8106	4	8813	1	9181	3
5538	5	7413	1	8107	2	8818	2	9182	4
5542	6	7421	2	8110	2	8820	4	9184	2
5552	7	7424	6	8111	3	8821	2	9185	5
5553	6	7428	2	8113	3	8822	3	9220	4
5606	4	7429	2	8116	1	8823	2	9402	5
5610	4	7500	5	8117	3	8827	4	9403	4
5630	6	7515	6	8204	3	8829	3	9410	3
5631	5	7520	5	8209	1	8830	3	9420	3
5632	6	7538	7	8215	5	8831	1	9422	2
5633	5	7539	7	8227	6	8834	2	9424	4
5645	6	7580	6	8232	5	8838	4	9426	4
5650	3	7600	3	8264	5	8839	2	9501	1
5697	5	7601	3	8265	7	8840	6	9507	2
5951	3	7605	4	8267	4	8846	1	9516	4
6003	7	7606	3	8278	6	8847	2	9519	3
6011	7	7607	4	8286	3	8850	2	9521	3
6204	7	7610	4	8290	2	8851	3	9522	3
6206	6	7706	6	8291	5	8852	5	9529	5
6213	6	7707	7	8292	2	8859	2	9549	3
6216	6	7720	4	8293	4	8868	2	9552	6
6218	6	7721	3	8304	5	8875	3	9586	2
6220	7	7722	5	8324	4	8901	2	9610	2
6233	7	7855	7	8350	2	9007	3	9620	4
6235	7	8001	1	8387	3	9008	2		
6237	7	8004	6	8388	3	9009	5		
6251	4	8006	2	8389	4	9010	3		
6254	4	8008	1	8390	2	9011	4		
6258	6	8013	4	8391	3	9015	4		
6307	5	8015	4	8392	4	9016	3		
6308	6	8017	2	8393	4	9031	3		
6315	6	8018	3	8397	2	9033	3		
6316	7	8019	3	8400	5	9043	3		
6325	5	8021	3	8500	5	9048	1		
6361	4	8028	4	8601	6	9050	2		
6364	3	8031	2	8604	6	9053	1		
6400	1	8032	3	8631	7	9059	2		
6504	3	8039	2	8720	4	9060	3		
6834	3	8041	4	8729	3	9061	1		
7133	7	8042	3	8740	2	9066	1		
7198	3	8046	3	8741	4	9067	3		
7207	4	8057	4	8742	4	9069	2		
7219	4	8059	2	8743	6	9070	2		
7227	4	8060	3	8745	3	9079	2		
7232	6	8061	3	8748	3	9085	3		
7248	4	8062	4	8749	1	9092	2		
7272	6	8063	2	8755	6	9095	4		
7332	1	8064	3	8800	1	9096	1		
7360	2	8065	2	8801	1	9097	3		
7365	5	8066	2	8803	3	9101	5		

Appendix B

Table 2 – Table of Ultimate Incurred Loss Elimination Ratios by California Hazard Group

Table 2 – Table of Ultimate Incurred Loss Elimination Ratios by California Hazard Group

Accident Limit	California Hazard Group							All
	1	2	3	4	5	6	7	
25,000	0.636	0.652	0.682	0.718	0.745	0.776	0.818	0.689
35,000	0.554	0.574	0.609	0.651	0.684	0.719	0.771	0.617
50,000	0.461	0.485	0.522	0.570	0.610	0.648	0.711	0.533
75,000	0.357	0.383	0.421	0.473	0.519	0.558	0.633	0.434
100,000	0.291	0.318	0.355	0.406	0.456	0.492	0.574	0.368
150,000	0.217	0.244	0.277	0.324	0.374	0.405	0.494	0.290
200,000	0.179	0.204	0.234	0.277	0.325	0.353	0.443	0.247
250,000	0.156	0.178	0.206	0.246	0.293	0.318	0.407	0.219
300,000	0.141	0.161	0.187	0.224	0.269	0.293	0.380	0.199
400,000	0.121	0.138	0.161	0.194	0.236	0.258	0.341	0.172
500,000	0.108	0.122	0.144	0.174	0.214	0.235	0.313	0.154
600,000	0.099	0.111	0.131	0.159	0.197	0.217	0.291	0.141
700,000	0.091	0.102	0.121	0.147	0.183	0.202	0.273	0.131
800,000	0.085	0.095	0.113	0.137	0.172	0.190	0.258	0.122
900,000	0.080	0.089	0.106	0.129	0.162	0.179	0.245	0.115
1,000,000	0.076	0.084	0.100	0.122	0.153	0.170	0.234	0.109
2,000,000	0.050	0.055	0.066	0.080	0.102	0.113	0.161	0.072
3,000,000	0.036	0.040	0.048	0.059	0.075	0.083	0.118	0.053
4,000,000	0.028	0.031	0.037	0.045	0.057	0.063	0.090	0.040
5,000,000	0.021	0.024	0.028	0.034	0.044	0.049	0.069	0.031
6,000,000	0.017	0.018	0.022	0.027	0.034	0.038	0.054	0.024
7,000,000	0.013	0.015	0.017	0.021	0.027	0.030	0.043	0.019
8,000,000	0.010	0.012	0.014	0.017	0.021	0.024	0.034	0.015
9,000,000	0.008	0.009	0.011	0.013	0.017	0.019	0.027	0.012
10,000,000	0.007	0.007	0.009	0.011	0.014	0.015	0.022	0.010
15,000,000	0.003	0.003	0.003	0.004	0.005	0.006	0.008	0.004
20,000,000	0.001	0.001	0.001	0.002	0.002	0.002	0.003	0.001

Appendix B**Table 3 – Table of Ultimate Incurred Loss and ALAE Elimination Ratios by California Hazard Group****Table 3 – Table of Ultimate Incurred Loss and ALAE Elimination Ratios by California Hazard Group**

Accident Limit	California Hazard Group							All
	1	2	3	4	5	6	7	
25,000	0.674	0.691	0.717	0.746	0.768	0.800	0.832	0.721
35,000	0.596	0.617	0.647	0.681	0.708	0.746	0.786	0.653
50,000	0.501	0.527	0.560	0.600	0.634	0.677	0.726	0.568
75,000	0.389	0.419	0.454	0.500	0.540	0.588	0.648	0.464
100,000	0.313	0.346	0.381	0.427	0.471	0.520	0.587	0.392
150,000	0.223	0.257	0.290	0.333	0.380	0.427	0.500	0.301
200,000	0.175	0.208	0.238	0.278	0.324	0.368	0.443	0.250
250,000	0.147	0.178	0.206	0.243	0.287	0.329	0.403	0.217
300,000	0.129	0.158	0.184	0.217	0.260	0.301	0.374	0.194
400,000	0.107	0.132	0.155	0.185	0.225	0.263	0.331	0.165
500,000	0.093	0.116	0.136	0.163	0.200	0.237	0.301	0.146
600,000	0.083	0.104	0.123	0.148	0.183	0.218	0.278	0.132
700,000	0.076	0.095	0.113	0.136	0.169	0.203	0.260	0.121
800,000	0.071	0.089	0.105	0.126	0.157	0.190	0.245	0.113
900,000	0.066	0.083	0.098	0.118	0.148	0.180	0.232	0.106
1,000,000	0.062	0.078	0.092	0.112	0.139	0.171	0.221	0.100
2,000,000	0.040	0.051	0.060	0.073	0.092	0.114	0.151	0.065
3,000,000	0.030	0.038	0.045	0.054	0.068	0.085	0.112	0.048
4,000,000	0.023	0.029	0.034	0.041	0.052	0.065	0.086	0.037
5,000,000	0.018	0.022	0.027	0.032	0.041	0.051	0.067	0.029
6,000,000	0.014	0.018	0.021	0.026	0.032	0.040	0.053	0.023
7,000,000	0.011	0.014	0.017	0.020	0.026	0.032	0.043	0.018
8,000,000	0.009	0.012	0.014	0.017	0.021	0.026	0.035	0.015
9,000,000	0.007	0.009	0.011	0.014	0.017	0.021	0.028	0.012
10,000,000	0.006	0.008	0.009	0.011	0.014	0.018	0.023	0.010
15,000,000	0.003	0.003	0.004	0.005	0.006	0.007	0.010	0.004
20,000,000	0.001	0.002	0.002	0.002	0.003	0.003	0.005	0.002

Appendix B**Table 4 – Table of California Pure Loss Hazard Group Severity Multipliers****Table 4 – Table of California Pure Loss Hazard Group Severity Multipliers**

Accident Limit	California Hazard Group							All
	1	2	3	4	5	6	7	
25,000	1.098	1.061	0.998	0.910	0.920	0.808	0.735	1.000
35,000	1.105	1.068	0.997	0.904	0.913	0.792	0.716	1.000
50,000	1.116	1.077	0.997	0.897	0.902	0.773	0.693	1.000
75,000	1.131	1.089	0.997	0.886	0.887	0.746	0.661	1.000
100,000	1.145	1.099	0.998	0.877	0.874	0.724	0.636	1.000
150,000	1.165	1.114	1.000	0.865	0.854	0.694	0.601	1.000
200,000	1.180	1.123	1.002	0.858	0.841	0.678	0.580	1.000
250,000	1.190	1.129	1.003	0.854	0.831	0.667	0.565	1.000
300,000	1.199	1.133	1.004	0.851	0.825	0.660	0.554	1.000
400,000	1.210	1.139	1.005	0.846	0.816	0.650	0.539	1.000
500,000	1.218	1.143	1.006	0.844	0.809	0.643	0.528	1.000
600,000	1.225	1.147	1.007	0.842	0.805	0.638	0.519	1.000
700,000	1.229	1.149	1.008	0.840	0.801	0.634	0.513	1.000
800,000	1.233	1.152	1.008	0.839	0.798	0.630	0.507	1.000
900,000	1.237	1.154	1.009	0.838	0.795	0.627	0.503	1.000
1,000,000	1.240	1.155	1.009	0.837	0.793	0.625	0.499	1.000
2,000,000	1.256	1.166	1.012	0.832	0.778	0.609	0.475	1.000
3,000,000	1.264	1.172	1.014	0.830	0.771	0.601	0.461	1.000
4,000,000	1.269	1.176	1.015	0.828	0.766	0.596	0.452	1.000
5,000,000	1.273	1.178	1.016	0.827	0.763	0.593	0.447	1.000
6,000,000	1.276	1.180	1.017	0.827	0.761	0.590	0.442	1.000
7,000,000	1.278	1.182	1.017	0.826	0.759	0.589	0.439	1.000
8,000,000	1.279	1.183	1.018	0.826	0.758	0.587	0.437	1.000
9,000,000	1.281	1.184	1.018	0.826	0.757	0.586	0.435	1.000
10,000,000	1.282	1.184	1.018	0.825	0.756	0.585	0.434	1.000
15,000,000	1.284	1.186	1.019	0.825	0.754	0.583	0.431	1.000
20,000,000	1.285	1.186	1.019	0.824	0.753	0.583	0.430	1.000
Unlimited	1.285	1.187	1.019	0.824	0.753	0.582	0.429	1.000

Appendix B**Table 5 – Table of California Loss and ALAE Hazard Group Severity Multipliers****Table 5 – Table of California Loss and ALAE Hazard Group Severity Multipliers**

Accident Limit	California Hazard Group							All
	1	2	3	4	5	6	7	
25,000	1.095	1.056	0.999	0.915	0.927	0.818	0.748	1.000
35,000	1.101	1.063	0.998	0.909	0.920	0.804	0.731	1.000
50,000	1.110	1.070	0.997	0.903	0.911	0.787	0.711	1.000
75,000	1.123	1.080	0.996	0.894	0.899	0.765	0.685	1.000
100,000	1.134	1.088	0.997	0.886	0.888	0.746	0.663	1.000
150,000	1.152	1.101	0.998	0.875	0.871	0.717	0.630	1.000
200,000	1.166	1.110	1.000	0.868	0.858	0.698	0.607	1.000
250,000	1.177	1.116	1.001	0.863	0.849	0.686	0.591	1.000
300,000	1.185	1.121	1.001	0.860	0.842	0.678	0.580	1.000
400,000	1.198	1.127	1.003	0.855	0.832	0.666	0.562	1.000
500,000	1.207	1.132	1.004	0.852	0.825	0.658	0.551	1.000
600,000	1.213	1.135	1.004	0.850	0.820	0.653	0.542	1.000
700,000	1.218	1.137	1.005	0.849	0.816	0.648	0.535	1.000
800,000	1.223	1.140	1.005	0.848	0.813	0.644	0.529	1.000
900,000	1.226	1.141	1.006	0.847	0.810	0.641	0.524	1.000
1,000,000	1.229	1.143	1.006	0.846	0.808	0.638	0.520	1.000
2,000,000	1.247	1.153	1.009	0.842	0.795	0.621	0.496	1.000
3,000,000	1.256	1.158	1.010	0.840	0.789	0.611	0.483	1.000
4,000,000	1.262	1.161	1.011	0.839	0.785	0.605	0.475	1.000
5,000,000	1.266	1.163	1.012	0.838	0.782	0.601	0.469	1.000
6,000,000	1.269	1.165	1.013	0.837	0.780	0.599	0.465	1.000
7,000,000	1.272	1.166	1.013	0.837	0.778	0.596	0.462	1.000
8,000,000	1.274	1.167	1.013	0.836	0.777	0.595	0.460	1.000
9,000,000	1.275	1.168	1.014	0.836	0.776	0.594	0.458	1.000
10,000,000	1.276	1.168	1.014	0.836	0.776	0.593	0.457	1.000
15,000,000	1.279	1.170	1.014	0.835	0.774	0.590	0.453	1.000
20,000,000	1.280	1.170	1.014	0.835	0.773	0.589	0.452	1.000
Unlimited	1.281	1.171	1.015	0.835	0.773	0.588	0.451	1.000

Appendix C
Determination of Insurance Charges

Appendix C
Determination of Insurance Charges

This Appendix contains tables used in the determination of a risk's net insurance charge if no per accident loss limitation is selected. The tables used will depend on whether or not ALAE will be included in the retrospective calculation.

Table EULG shows the expected unlimited loss group ranges for use with Table M (Pure Unlimited Loss Insurance Charges) when the ALAE option is not elected. Table EULAG shows the expected unlimited loss and ALAE group ranges for use with Table MA (Unlimited Loss and ALAE Insurance Charges) when the ALAE option is elected.

The tables of insurance charges are organized by entry ratio and by expected loss or loss and ALAE size group. The estimated savings for a particular entry ratio is shown below the charge for that entry ratio and is computed based on the formula:

$$\text{Savings} = \text{Charge} + \text{Entry Ratio} - 1.0$$

Appendix C

Determination of Insurance Charges

For use when a per accident loss limitation is selected, tables as listed below of expected limited loss group ranges, expected limited loss and ALAE group ranges, tables of insurance charges and tables of loss and ALAE insurance charges are part of this Plan, are incorporated by reference herein, and are available in electronic format on the WCIRB website.

Tables for Losses Only

Per Accident Pure Loss Limitation	Table of Expected Limited Pure Loss Group Ranges	Table of Pure Loss Insurance Charges
\$25,000	Table ELLG-25K	Table L-25K
\$35,000	Table ELLG-35K	Table L-35K
\$50,000	Table ELLG-50K	Table L-50K
\$75,000	Table ELLG-75K	Table L-75K
\$100,000	Table ELLG-100K	Table L-100K
\$150,000	Table ELLG-150K	Table L-150K
\$200,000	Table ELLG-200K	Table L-200K
\$250,000	Table ELLG-250K	Table L-250K
\$300,000	Table ELLG-300K	Table L-300K
\$400,000	Table ELLG-400K	Table L-400K
\$500,000	Table ELLG-500K	Table L-500K
\$600,000	Table ELLG-600K	Table L-600K
\$700,000	Table ELLG-700K	Table L-700K
\$800,000	Table ELLG-800K	Table L-800K
\$900,000	Table ELLG-900K	Table L-900K
\$1,000,000	Table ELLG-1M	Table L-1M
\$2,000,000	Table ELLG-2M	Table L-2M
\$3,000,000	Table ELLG-3M	Table L-3M
\$4,000,000	Table ELLG-4M	Table L-4M
\$5,000,000	Table ELLG-5M	Table L-5M
\$6,000,000	Table ELLG-6M	Table L-6M
\$7,000,000	Table ELLG-7M	Table L-7M
\$8,000,000	Table ELLG-8M	Table L-8M
\$9,000,000	Table ELLG-9M	Table L-9M
\$10,000,000	Table ELLG-10M	Table L-10M
\$15,000,000	Table ELLG-15M	Table L-15M
\$20,000,000	Table ELLG-20M	Table L-20M

Appendix C
Determination of Insurance Charges

Tables for Use with ALAE Option

Per Accident Loss & ALAE Limitation	Table of Expected Limited Loss & ALAE Group Ranges	Table of Loss & ALAE Insurance Charges
\$25,000	Table ELLAG-25K	Table LA-25K
\$35,000	Table ELLAG-35K	Table LA-35K
\$50,000	Table ELLAG-50K	Table LA-50K
\$75,000	Table ELLAG-75K	Table LA-75K
\$100,000	Table ELLAG-100K	Table LA-100K
\$150,000	Table ELLAG-150K	Table LA-150K
\$200,000	Table ELLAG-200K	Table LA-200K
\$250,000	Table ELLAG-250K	Table LA-250K
\$300,000	Table ELLAG-300K	Table LA-300K
\$400,000	Table ELLAG-400K	Table LA-400K
\$500,000	Table ELLAG-500K	Table LA-500K
\$600,000	Table ELLAG-600K	Table LA-600K
\$700,000	Table ELLAG-700K	Table LA-700K
\$800,000	Table ELLAG-800K	Table LA-800K
\$900,000	Table ELLAG-900K	Table LA-900K
\$1,000,000	Table ELLAG-1M	Table LA-1M
\$2,000,000	Table ELLAG-2M	Table LA-2M
\$3,000,000	Table ELLAG-3M	Table LA-3M
\$4,000,000	Table ELLAG-4M	Table LA-4M
\$5,000,000	Table ELLAG-5M	Table LA-5M
\$6,000,000	Table ELLAG-6M	Table LA-6M
\$7,000,000	Table ELLAG-7M	Table LA-7M
\$8,000,000	Table ELLAG-8M	Table LA-8M
\$9,000,000	Table ELLAG-9M	Table LA-9M
\$10,000,000	Table ELLAG-10M	Table LA-10M
\$15,000,000	Table ELLAG-15M	Table LA-15M
\$20,000,000	Table ELLAG-20M	Table LA-20M

Appendix C

Table EULG – Table of Expected Unlimited Loss Ranges/Pure Loss Ranges for Expected Unlimited Loss Groups (EULGs)

Table EULG – Table of Expected Unlimited Loss Ranges/Pure Loss Ranges for Expected Unlimited Loss Groups (EULGs)

Table M Expected Loss Group	Expected Unlimited Loss Range		Table M Expected Loss Group	Expected Unlimited Loss Range	
99	1	—	1,773	56	101,924 — 109,606
98	1,774	—	3,071	55	109,607 — 116,792
97	3,072	—	4,342	54	116,793 — 123,883
96	4,343	—	5,606	53	123,884 — 130,974
95	5,607	—	6,865	52	130,975 — 138,064
94	6,866	—	8,123	51	138,065 — 145,295
93	8,124	—	9,379	50	145,296 — 155,853
92	9,380	—	10,635	49	155,854 — 169,827
91	10,636	—	11,890	48	169,828 — 183,799
90	11,891	—	13,145	47	183,800 — 199,909
89	13,146	—	14,399	46	199,910 — 218,460
88	14,400	—	15,654	45	218,461 — 236,412
87	15,655	—	16,908	44	236,413 — 253,417
86	16,909	—	18,162	43	253,418 — 269,408
85	18,163	—	19,416	42	269,409 — 284,517
84	19,417	—	20,670	41	284,518 — 299,626
83	20,671	—	21,923	40	299,627 — 363,253
82	21,924	—	23,177	39	363,254 — 439,298
81	23,178	—	24,431	38	439,299 — 459,260
80	24,432	—	25,684	37	459,261 — 479,221
79	25,685	—	26,938	36	479,222 — 538,743
78	26,939	—	28,192	35	538,744 — 620,153
77	28,193	—	29,445	34	620,154 — 674,074
76	29,446	—	30,699	33	674,075 — 731,419
75	30,700	—	31,952	32	731,420 — 820,665
74	31,953	—	33,206	31	820,666 — 948,516
73	33,207	—	34,523	30	948,517 — 1,092,400
72	34,524	—	36,328	29	1,092,401 — 1,352,161
71	36,329	—	38,575	28	1,352,162 — 1,598,996
70	38,576	—	41,989	27	1,598,997 — 1,680,969
69	41,990	—	46,408	26	1,680,970 — 1,834,135
68	46,409	—	50,223	25	1,834,136 — 2,046,011
67	50,224	—	53,693	24	2,046,012 — 2,456,971
66	53,694	—	57,088	23	2,456,972 — 2,909,049
65	57,089	—	60,411	22	2,909,050 — 3,111,621
64	60,412	—	63,733	21	3,111,622 — 3,424,830
63	63,734	—	67,279	20	3,424,831 — 4,132,067
62	67,280	—	71,447	19	4,132,068 — 5,382,533
61	71,448	—	76,028	18	5,382,534 — 6,927,478
60	76,029	—	80,609	17	6,927,479 — 8,494,687
59	80,610	—	86,353	16	8,494,688 — 10,059,400
58	86,354	—	93,859	15	10,059,401 — and Over
57	93,860	—	101,923		

Appendix C

Table EULAG – Table of Expected Unlimited Loss Ranges/Loss and ALAE Ranges for Expected Unlimited Loss and ALAE Groups (EULAGs)

Table EULAG – Table of Expected Unlimited Loss Ranges/Loss and ALAE Ranges for Expected Unlimited Loss and ALAE Groups (EULAGs)

Table MA				Table MA			
Expected Loss & ALAE Group	Expected Unlimited Loss & ALAE Range			Expected Loss & ALAE Group	Expected Unlimited Loss & ALAE Range		
99	1	—	2,111	56	113,949	—	123,719
98	2,112	—	3,656	55	123,720	—	133,097
97	3,657	—	5,170	54	133,098	—	141,908
96	5,171	—	6,674	53	141,909	—	150,561
95	6,675	—	8,174	52	150,562	—	159,215
94	8,175	—	9,671	51	159,216	—	167,868
93	9,672	—	11,167	50	167,869	—	176,520
92	11,168	—	12,662	49	176,521	—	188,257
91	12,663	—	14,156	48	188,258	—	203,521
90	14,157	—	15,650	47	203,522	—	219,040
89	15,651	—	17,144	46	219,041	—	240,625
88	17,145	—	18,637	45	240,626	—	268,137
87	18,638	—	20,131	44	268,138	—	289,547
86	20,132	—	21,624	43	289,548	—	305,282
85	21,625	—	23,117	42	305,283	—	322,601
84	23,118	—	24,610	41	322,602	—	342,214
83	24,611	—	26,102	40	342,215	—	362,480
82	26,103	—	27,595	39	362,481	—	401,513
81	27,596	—	29,088	38	401,514	—	476,303
80	29,089	—	30,580	37	476,304	—	539,891
79	30,581	—	32,073	36	539,892	—	571,032
78	32,074	—	33,565	35	571,033	—	656,867
77	33,566	—	35,058	34	656,868	—	764,211
76	35,059	—	36,550	33	764,212	—	823,233
75	36,551	—	38,043	32	823,234	—	886,623
74	38,044	—	39,535	31	886,624	—	958,566
73	39,536	—	41,027	30	958,567	—	1,078,375
72	41,028	—	42,898	29	1,078,376	—	1,344,602
71	42,899	—	45,752	28	1,344,603	—	1,675,452
70	45,753	—	49,500	27	1,675,453	—	1,874,267
69	49,501	—	53,702	26	1,874,268	—	2,020,998
68	53,703	—	58,007	25	2,020,999	—	2,228,289
67	58,008	—	62,207	24	2,228,290	—	2,520,856
66	62,208	—	66,358	23	2,520,857	—	3,022,945
65	66,359	—	70,402	22	3,022,946	—	3,503,155
64	70,403	—	74,364	21	3,503,156	—	3,729,051
63	74,365	—	78,326	20	3,729,052	—	3,954,935
62	78,327	—	82,592	19	3,954,936	—	4,882,665
61	82,593	—	87,568	18	4,882,666	—	6,759,693
60	87,569	—	92,955	17	6,759,694	—	8,716,384
59	92,956	—	98,343	16	8,716,385	—	10,667,429
58	98,344	—	105,044	15	10,667,430	—	12,615,448
57	105,045	—	113,948	14	12,615,449	—	and Over

Appendix C
Tables of Pure Loss Insurance Charges

Tables of Pure Loss Insurance Charges

Tables of pure loss insurance charges are periodically updated and are available in electronic format on the [Filings and Plans](#) page of the WCIRB website.

Tables of Loss and ALAE Insurance Charges

Tables of loss and ALAE insurance charges are periodically updated and are available in electronic format on the [Filings and Plans](#) page of the WCIRB website.

[This page was intentionally left blank.]

Appendix D
Expense-Related Rating Values

Appendix D
Expense-Related Rating Values

[To be filed by the insurer.]

[This page was intentionally left blank.]

The standard premium you pay for the insurance coverage afforded by this policy and any other policy combined with this policy for retrospective premium determination shall be modified in accordance with the provisions of our Workers' Compensation Retrospective Rating Plan authorized for use in California. The premium modified in accordance with the Plan is referred to as retrospective premium.

1. Elements in Development of Retrospective Premium

- (a) Standard premium is the premium you would have paid if you had not chosen retrospective rating, with two exceptions. Standard premium excludes premium discount and premium charges arising from the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future.
- (b) Basic premium is a percentage of the standard premium. The basic premium is determined by multiplying the standard premium by the basic premium factor. The basic premium factor is based on the expense ratio, the table of insurance charges, and the per-accident loss limitation if one is shown in the schedule.
- (c) Incurred losses are all amounts we pay plus our estimate of reserves to be paid for losses in connection with the policies subject to this endorsement and include the amounts we expend and our estimates of amounts to be expended in the defense of employers' liability claims. Incurred losses do not include any losses directly arising from certified terrorism losses, as defined by the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future, reported with a Catastrophe Code assigned pursuant to the California Uniform Statistical Reporting Plan.
- (d) You may elect incurred allocated loss adjustment expenses (ALAE) to be included with losses in the retrospective premium calculation. ALAE is the expense we incur in connection with handling a claim which can be directly allocated to that particular claim. ALAE does not include expenses incurred in connection with handling claims directly arising from certified terrorism losses, as defined by the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, and as may be amended in the future, reported with a Catastrophe Code assigned pursuant to the California Uniform Statistical Reporting Plan.
- (e) Converted losses are the incurred losses and, if elected, ALAE during the policy period for which this endorsement applies, multiplied by the loss conversion factor shown in the schedule.
- (f) In addition to the above elements, you may elect to include a per-accident loss limitation. Per-accident loss limitation means the amount of incurred loss and, if elected, ALAE to be included in the retrospective premium calculation is limited to an amount called the per-accident loss limitation. The per-accident 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 per-accident loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss factor.

Excess loss premium factors vary by hazard group and by the amount of per-accident loss limitation. If you choose this elective element, the loss conversion factor, the per-accident loss limitation and the excess loss factor are shown in the schedule.

2. Retrospective Premium

The retrospective premium shall not be less than the minimum retrospective premium, nor more than the maximum retrospective premium, as determined by applying the minimum and maximum retrospective premium ratios as shown in the schedule to the standard premium. Subject to these minimum and maximum amounts, the retrospective premium will be the sum of (a) the basic premium and (b) converted losses, and (c), if a per-accident loss limitation is elected, the excess loss premium. The sum of the basic premium and converted losses and, if applicable, the excess loss premium will be multiplied by the tax multiplier.

(Ed. 01-15)

3. Computation of Retrospective Premium

Within six (6) months after the termination of this policy or any other policy combined with this policy for retrospective premium determination, we shall make an audit of your records in order to compute the standard premium and the basic premium.

Unless otherwise shown on the schedule, we shall determine the amount of the incurred losses as of the sixth month after the month in which this policy terminates, unless this policy is combined with other policies for retrospective premium determination, in which case we shall determine the amount of the incurred losses as of the sixth month after the month in which the last policy in force terminates.

Within two (2) months after we have determined the basic premium and incurred losses, we shall make the first computation of the retrospective premium.

If we have agreed that the first computation of the retrospective premium is the final computation, no further adjustment of the retrospective premium will be made unless there is a clerical error in the calculation. In the absence of this agreement, additional retrospective premium computations will be calculated at twelve (12) month intervals after the first computation based on the latest evaluation of loss experience, unless otherwise shown in the schedule. When we have agreed that a computation is the final computation, no other adjustment of the retrospective premium will be made unless there is a clerical error in the calculation.

In the event 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, we may make a special valuation of the retrospective premium. You will pay the amount due us if the retrospective premium is more than the total standard premium as of the special valuation date.

4. Payment of Premium

Prior to the first computation of the retrospective premium, you must pay us the premium due in accordance with the terms and conditions which would apply if this policy were not subject to retrospective rating.

After each computation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you.

5. Cancellation of the Policy

(a) Cancellation by you. If you cancel this policy or any other policy providing coverage pursuant to this retrospective rating endorsement:

1. The standard premium for this policy and for each policy combined with this policy for premium determination shall be separately computed at short rates in accordance with our short-rate cancellation table authorized for use in California. If we are not authorized to use a short-rate cancellation table, the standard premium shall be computed on a pro rata basis.
2. The sum of the short-rate standard premium for each policy shall be used to determine the basic premium.
3. The sum of the short-rate standard premium for each policy will be the minimum retrospective premium.
4. The maximum retrospective premium will be determined by extending the standard premium for each policy providing coverage pursuant to this endorsement, on a pro rata basis, to the original expiration date of the policy. The sum of the extended standard premium of each policy is multiplied by the corresponding maximum retrospective premium ratio found in the schedule.

(Ed. 01-15)

- (b) Cancellation by us. If we cancel the policy, the retrospective premium shall be computed on the basis of the standard premium. However, in the event we cancel for non-payment of premium, the maximum retrospective premium shall be determined in accordance with (a)(4) above.



Schedule

1. Tax Multiplier _____
2. Allocated Loss Adjustment Expenses are _____ "Included or Excluded"
3. Loss Conversion Factor _____
4. Per-Accident Loss Limit (if any) _____
5. Risk Excess Loss Factor (if any) _____
6. Other Policies Subject to this Retrospective Premium Endorsement _____
7. First Computation of Retrospective Premium will be based on losses valued as of the sixth month after expiration of all policies subject to this endorsement. _____ (yes/no)
If no, specify _____
8. Subsequent Computations of Retrospective Premium will be made at twelve (12) month intervals after the first computation _____ (yes/no)
If no, specify _____
9. Estimated Standard Premium subject to Endorsement _____
10. Minimum Retrospective Premium Ratio _____
11. Maximum Retrospective Premium Ratio _____
12. Basic Premium Factor _____

The basic premium factor used to compute the retrospective premium will be based on the actual standard premium subject to this endorsement. If the actual standard premium is within the range of the standard premium amounts shown below, the basic premium factor will be obtained by linear interpolation. If the actual standard premium is not within the range shown below, the basic premium factor will be recalculated.

The standard premium amount shown in column (1) is _____ percent of the estimated standard premium, the standard premium shown in column (2) is 100 percent of the estimated standard premium, and the standard premium in column (3) is _____ percent of the estimated standard premium.

	(1)	(2)	(3)
Standard Premium			
Basic Premium Factor			

WE
L
P
W
A
S

(Ed. 01-15)

Notes:

1. Show the applicable tax multiplier, whether or not allocated loss adjustment expenses are to be included, and the loss conversion factor in Items 1, 2, and 3 of the Schedule.
2. If a per-accident loss limit has been selected, show the amount of the selected limit on line 4 and the excess loss factor on line 5. If no per-accident loss limit was selected, enter "none" or other appropriate text on lines 4 and 5.
3. Identify by policy number any policies to be combined with this one for retrospective rating in Item 6 of the Schedule. The other policies should be endorsed with the Retrospective Premium Endorsement – Short Form to show that they are subject to this endorsement.
4. Indicate on line 7 whether or not the first retrospective premium adjustment will be based on losses valued as of the sixth month following expiration of all policies subject to the endorsement. If not, specify when losses will be valued for the initial adjustment.
5. Indicate on line 8 whether or not subsequent retrospective adjustments, if any, will be made at 12-month intervals following the first adjustment. If not, specify the time intervals between retrospective adjustments or other appropriate text.
6. Show the estimated standard premium for all policies subject to this endorsement on line 9.
7. Show the minimum retrospective premium ratio and the maximum retrospective premium ratio on lines 10 and 11, respectively.
8. Show the basic premium factor at the estimated standard premium on line 12. Following line 12, show the smallest standard premium of the selected range of amounts about the estimated standard premium in column (1), the estimated standard premium shown on line 12 in column (2), and the greatest standard premium of the range in column (3). Also show the basic premium factors corresponding to those premium amounts in columns (1), (2), and (3). Additional columns for other standard premium amounts between the premium amounts shown in columns (1), (2), and (3) and the basic premium factors corresponding to those premium amounts may be added between columns (1) and (3).
9. This endorsement has been approved for use with the California Retrospective Rating Plan (Advisory).

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
Insured

Policy No.
Insurance Company

Endorsement No.

Countersigned By _____

WCIRBCalifornia®
Objective.Trusted.Integral.

1221 Broadway, Suite 900
Oakland, CA 94612
Voice 415.777.0777
Fax 415.778.7007
www.wcirb.com
wcirb@wcirb.com