

**RETROSPECTIVE PREMIUM ENDORSEMENT
LARGE RISK ALTERNATIVE RATING OPTION
[INSURED COMPANY NAME]**

This endorsement is issued because you and we have mutually agreed to have the cost of the insurance rated retrospectively, under the provisions of the Large Risk Alternative Rating Option where applicable. This endorsement, and no other, explains the rating plan and how the retrospective premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period shown on the Schedule for all policies listed in the Schedule.

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

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

The premium subject to this retrospective rating plan (the "subject premium") is the standard premium shown on the policy premium schedules and ultimately on your final premium audit.

If the policy covers exposures in Massachusetts, "subject premium" also includes the Massachusetts All Risk Adjustment Program (ARAP) Premium.

2. The premium for the insurance not subject to this retrospective rating plan, and computed in accordance with the provisions of such policies other than this endorsement.

"Non-subject premium" includes premium elements that are not part of the standard premium, such as the expense constant and premium charges relating to Terrorism and to Catastrophe (other than Certified Acts of Terrorism).

[Insert 1]

[Insert 2]

State assessments or surcharges identified on the policy premium schedules are not premium and are not subject to this rating plan. However, their calculation is governed by state rules, and in some cases those rules call for periodic adjustment based on the calculated retrospective premium for that state as it changes over time.

A. Retrospective Premium Formula

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

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Retrospective premium is the sum of basic premium and converted losses, multiplied by the tax multiplier, subject to minimum and maximum provisions when applicable:

1. The basic premium is the sum of:
 - a. ***[Insert 3]***

[Insert 2]
 - b. ***[Insert 4]***
2. "Incurred losses" means all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and, unless specifically stated otherwise, workers compensation and employers liability allocated loss adjustment expenses.

Incurred losses do not include losses arising out of exposures for which the premium charge is defined as being not subject to this retrospective rating plan.

Allocated Loss Adjustment Expense (ALAE) – are all expenses allocable to a specific claim including but not limited to, legal expenses or attorney’s fees, court costs or fees, fees for service of process, costs for depositions or examinations under oath, interest, costs for copies of any public records, transcription services, appraisal fees, cost of hospital or other medical reports, medical examinations, private investigation, surveillance, professional photography, expert witness analysis or testimony, accident reconstruction, engineering analysis, or Qualified Injured Worker determination (California only), as well as the charges for certain Medical Case Management Products and Services, including medical bill as detailed in the Medical Case Management Products & Services Summary & Fee Schedule (MCM) for this insurance program. The definition of “Allocated Loss Adjustment Expense” does not include charges that are designated Medical Loss in the MCM document. The definition of “Allocated Loss Adjustment Expense” shall be applied in compliance with any amendments to applicable law.

[Insert 5]

3. ***[Insert 6]***

[Insert 7]
4. Taxes are collected by applying a factor called the tax multiplier to the sum of the basic premium and the converted losses.

[Insert 8]

5. ***[Insert 9]***

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[Insert 2]

B. Premium Calculation and Payments

1. We will calculate the retrospective premium using all incurred losses we have as of a date six months after the rating plan period ends or as mutually agreed using the audited exposure base and rates/factors agreed to. This calculation will be made by us as soon as practicable after such valuation date, and annually thereafter.

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

2. After any calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is a clerical error in the final calculation.

[Insert 10]

3. After each calculation of retrospective premium, you will promptly pay the amount due us, or we will refund the amount due you. Each Named Insured covered under the policy(ies) listed in the Schedule is jointly and severally liable for all premiums due under this rating agreement, and for any other financial obligations of any Named Insured to us arising out of any agreements contained in the policy(ies) listed in Schedule.
4. If there is no change in your losses at any subsequent adjustment we reserve the right to issue a letter informing you that there is no balance due rather than issuing a complete retrospective rating plan adjustment.
5. If you acquire or start an operation or begin an operation in any other state not originally contemplated at the inception of this rating plan endorsement, and if, in our sole judgment, the additional operation or State represents a significantly different exposure from that contemplated at the inception of this agreement, then we have the right hereunder to review and re-negotiate the pricing of this rating plan agreement.

C. Cancellation

1. If any insurance subject to this endorsement is cancelled, the effective date of cancellation will become the end of the rating period for all insurance subject to this endorsement unless we agree with you to continue the rating period.

2. *[Insert 11]*

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3. *[Insert 12]*

4. Section C.3 will not apply if you cancel because:

- a. all work covered by the insurance is completed;
- b. all interest in the business covered by the insurance is sold; or,
- c. you retire from all business covered by this insurance.

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Schedule

The premium for the following policies and rewrites thereof combined is to be computed in accordance with the provisions of this Retrospective Premium Endorsement:

List of Policies: _____

States: The plan applies to the insurance provided by the policies designated above but only in those states in which the Large Risk Alternative Rating Option for a Retrospective Rating Plan is available for use. If any policy provides insurance in a state that was not originally contemplated at the inception of this rating plan agreement and if you begin work in that state during the rating plan period, this agreement will apply to that insurance.

Basic factor: .xxx {if applicable: per \$100 of payroll}

Loss limitation: \$ xxx,xxx

Loss conversion factor: x.xxx named state
x.xxx all other states

Loss development factors:

First adjustment	x.xxx
Second adjustment	x.xxx
Third adjustment	x.xxx
Fourth adjustment	x.xxx

Tax multiplier: x.xxx

Minimum premium factor: .xxx

Maximum premium factor x.xxx

You, by signature of your qualified officer, agree to abide by the terms and conditions of this endorsement. Agreed to this _____ day of _____, _____.

Signature

Name (Printed)

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Title

Endorsement effective from _____ to the end of the policy period.

For attachment to Policy No. _____

This endorsement is executed by _____

End. Serial No. _____