Schedule of Variability
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
LARGE RISK ALTERNATIVE RATING OPTION (LRARO)
ENDORSEMENT WC 48 05 12 A

Schedule of Variability

[Insert 1] (one or more present only if applicable)

1   Elements included in the rating formula

    1.1 Standard premium and incurred losses will include the following elements in the rating formula:

        1.1.1   Developed by the occupational disease rates for employers subject to the Federal Mine Safety and Health Act

        1.1.2   Developed by the catastrophe provisions as outlined in our manuals

        1.1.3   Developed for uninsured or underinsured motorist insurance if afforded under the policies designated in retrospective rating plan premium endorsement attached to the policy.

    1.2 Each calculation of retrospective rating plan premium will use all loss information we have as of a date agreed to by you and us.

[Insert 2] (one or more present only if applicable)

2   Basic Premium determination

    2.1 The correctly calculated basic premium factor for 100% of the estimated standard premium shall be used without linear interpolation, for each calculation of retrospective premium.

    2.2 Basic Premium determination:

    Basic Premium is an estimated amount of $_____.

    The Basic Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].

    2.3 Basic Premium determination:

    Basic Premium is an estimated amount of $_____.

    The Basic Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].

    In no event will the amount of the Basic Premium be less than $_____.

[Insert 3] (one or more present only if applicable)

3 Converted Losses determination:

3.1 Converted Losses equal the Incurred Losses within the Retrospective Rating Loss Limit(s) and Incurred ALAE times the Loss Conversion Factor (LCF) shown below:

Coverage	LCF	Applies to:	{Limit other than Loss Limitation}
		{Loss} {Loss & ALAE}	

3.2 Converted Losses equal the Incurred Losses within the Retrospective Rating Loss Limit(s) and Incurred ALAE plus the Claims Handling Fees (CHF) shown below:

Coverage	CHF

3.3 Converted Losses equal the Incurred Losses within the Retrospective Rating Loss Limit(s) and Incurred ALAE plus the actual Third Party Administrator Fees (TPAF) paid by the insurer.

Coverage	TPAF

[Insert 4] (one or more present only if applicable)

4   Minimum Retrospective Premium determination:

　　4.1 The Minimum Retrospective Premium is an estimated amount of $_____.

　　The Minimum Retrospective Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].

　　4.2 The Minimum Retrospective Premium is an estimated amount of $_____.

　　The Minimum Retrospective Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].

　　In no event will the amount of the Minimum Retrospective Premium be less than $_____.

[Insert 5] (one or more present only if applicable)

5   Maximum Retrospective Premium determination:

　　5.1 The Maximum Retrospective Premium is an estimated amount of $_____.

　　The Maximum Retrospective Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].}

　　5.2 The Maximum Retrospective Premium is an estimated amount of $_____.

　　The Maximum Retrospective Premium is adjustable at a rate of $_____ per [$100 of payroll/$1,000 of revenue], and will be adjusted at the first Retrospective Premium Adjustment using the audited [payroll/revenue].}

　　In no event will the amount of the Maximum Retrospective Premium be less than $_____.

[Insert 6] (one present only if applicable)

6   Loss Limitations application:

　　6.1 Workers Compensation and Employers Liability Loss Limitation is $_____ and shall apply combined to each accident or each person who sustains bodily injury by disease..

　　6.2 Workers Compensation and Employers Liability Loss Limitations shall apply separately to each accident or each person who sustains bodily injury by disease:

　　Workers Compensation Loss Limitation is $_____

　　Employers Liability Loss Limitation is $_____

[Insert 7] (one present only if applicable)

7 Allocated loss adjustment expenses (ALAE) incurred against the policy are included in the retrospective calculation as follows:

7.1 ALAE is not included in the retrospective premium calculation.

7.2 ALAE is included with losses in the retrospective premium calculation. The combined amount of loss plus ALAE is limited to the loss limitation.

7.3 ALAE is included in the retrospective premium calculation proportionately in accordance with the ratio the loss limitation bears to the Incurred Loss. If the amount of the Incurred Loss is less than or equal to the Loss Limit, the retrospective premium calculation will include all ALAE. If the amount of the Incurred Loss is greater than the Loss Limit, the retrospective premium calculation will include that portion of ALAE based upon the ratio the Loss Limit bears to the Incurred Loss.

7.4 ALAE is included in the retrospective premium calculation without limitation of the loss limitation amount.

[Insert 8] (only present if applicable)

8 Retrospective Development Element & Factors changes are as follows:

8.1 The Retrospective Development Element is used to help stabilize premium adjustments. This element is charged with the calculations of a retrospective rating plan premium according to the Retrospective Rating Plan Premium Formula. If you choose this elective element, the Retrospective Development Factors are shown in the Schedule:

Adjustment	Workers Compensation & Employers Liability	{General Liability}	{Commercial Automobile Liability}	{Hospitals Professional Liability} {Crime Insurance} {Fidelity Insurance} {Commercial Automobile Physical Damage Insurance}
1st				
2nd				
3rd				
4th				
5th				
{etc.}				

({ } = only present if applicable)

[Insert 9] (one or more present only if applicable)

9   The Retrospective Rating Plan Premium Formula changes are as follows:

Retrospective plan premium is the sum of:

The Basic Premium,

9.1 The sum of Incurred Losses within the Retrospective Loss Limit(s) plus Incurred ALAE, {times the Retrospective Development Factor(s)}, times the Loss Conversion Factor (LCF),}

9.2 The sum of Incurred Losses within the Retrospective Loss Limit(s) plus Incurred ALAE, {times the Retrospective Development Factor(s)}, plus the Claims Handling Fees (CHF),}

9.3 The sum of Incurred Losses within the Retrospective Loss Limit(s) plus Incurred ALAE, {times the Retrospective Development Factor(s)}, times the Loss Conversion Factor (LCF), plus the Third Party Administrator Fees (TPAF),}

Plus the excess loss premium,

This sum is multiplied by the applicable tax multiplier(s) shown in the Schedule.

The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium.

If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.