

**WISCONSIN RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
LARGE RISK ALTERNATIVE RATING OPTION**

The insured and insurer have mutually agreed to a Large Risk Alternative Rating Option (LRARO) for premium determination. This endorsement, and no other endorsement, determines the Retrospective Premium for the insurance provided during the "rating plan period" for the policies listed in the Schedule. During the "rating plan period", we may revise coverage or provide additional services at your request that result in additional premium. Premium for those coverages or services may be billed at that time or included in your rating plan adjustment, even if this LRARO is not revised.

A. Retention

The "retention" applies regardless of the number of policy years triggered by any one occurrence or "accident". The "retention" will be reduced proportionately with the allocation of the loss if the entire amount we pay for the occurrence or "accident" does not exceed the highest occurrence or "accident" limit of any of the policies triggered.

B. Policy Aggregate

If you elect to have a policy aggregate, the amount shown in the Schedule as the policy aggregate is the most you must reimburse us for the sum of all "ratable loss" for each "rating plan period". All or a portion of the "allocated loss adjustment expense (ALAE)" may be subject to the policy aggregate depending upon the option selected by you as indicated in the Schedule. The policy aggregate will not be reduced if this endorsement is issued for a term of less than one (1) year or if the policy is cancelled for any reason by you or by us before the end of the policy period.

C. Assessments and Surcharges

Assessment and Surcharges will be billed to you as indicated in the Schedule. Assessment and Surcharge amounts are in addition to the Retrospective Premium.

D. Retrospective Premium

Insurance policies listed in the Schedule will be combined to calculate the total 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.

Retrospective Premium means the sum of all "ratable loss" plus the elements elected in the Schedule, subject to minimum and maximum provisions when applicable, subject to the following:

1. For the first three (3) adjustments, Retrospective Premium will include paid "ratable loss",
2. Beginning with the fourth (4th) adjustment Retrospective Premium will include all "ratable loss" including paid amounts, loss reserves and "allocated loss adjustment expense (ALAE)" as applicable.

E. Dates of Computation of Retrospective Premium

1. We will calculate premium under this LRARO using all loss information we have and the number of "claims", if applicable, valued as of a date _____ months after the "rating plan period" ends and annually thereafter, using the audited exposure base and rates/factors agreed to in the Schedule. This calculation will be made by us as soon as practicable after such valuation date and annually thereafter.
2. We may make a special valuation of this LRARO as of any date that any first named insured is declared bankrupt or insolvent, or makes an assignment for the benefit of creditors, or is involved in reorganization, receivership, or liquidation, or disposes of all its interests in work covered by this LRARO.

3. After each calculation if the premium computed exceeds the premium previously paid for the policies listed in the Schedule, you will pay the difference to us. If the premium computed is less than the premium previously paid for the policies listed in the Schedule, we will return the difference to you. Each insured covered under the policies listed in the Schedule is jointly and severally liable for all premiums due under this LRARO and for any other financial obligations of any insured to us arising out of any agreements contained in the policies listed in the Schedule.
4. You must reimburse us for any such amounts that we advance upon receipt of an invoice from us.
5. We may mutually agree with you that any calculation of the Retrospective Premium is the final calculation. If we make such an agreement, no other calculation will be made unless there is a clerical error in the final calculation.
6. If there is no change in your Retrospective Premium at any subsequent adjustment, we reserve the right not to issue a complete retrospective rating plan adjustment; however, we will issue a letter informing you there is no balance due.
7. We may offer the first named insured a final and/or partial calculation of obligations under any one or more expired policies covered under this endorsement. The final calculation will be based upon estimates of final losses, whether or not reported, and include development of such losses and other applicable factors. If accepted by the first named insured, upon payment of such final calculation, the named insured shall no longer be responsible for such obligations. We and the first named insured may agree to exclude or limit any single "claim", or group of "claims", or exposure from the final calculation. Any "claim" or group of "claims" excluded from such final amount shall continue to be subject to the terms stated in the policy, this LRARO, and other applicable agreements. We and the first named insured may agree to additional conditions such as limits or sublimits.
8. The final premium for any coverages not subject to the rating plan but included in the policies listed in the Schedule will be calculated as part of the audit and included in the Retrospective Premium adjustment.

F. Cancellation

If any of the policies listed in the Schedule are cancelled, the rating plan will remain in effect until we mutually agree that any calculation of the Retrospective Premium is the final calculation. If we make such an agreement, no other calculation will be made unless there is a clerical error in the final calculation. Any minimum premiums shown in the Schedule will apply in the event of cancellation.

G. Regulatory Service Requirements

We may become regulatorily required, after policies listed in the Schedule become effective, to provide certain services (e.g. managed care) or to reclassify/re-code certain services in accordance with filed rating and statistical plans. If this happens the charges made for required services and/or reclassification of services will be consistent with filed rating and statistical plans (e.g. medical loss, indemnity loss, "allocated loss adjustment expense (ALAE)" or "unallocated loss adjustment expense (ULAE)").

H. Security Obligation

The insured will provide security in an acceptable format and time frame as agreed upon. The security is collateral for the insured's financial obligations under this LRARO.

I. Definition of Terms

1. "Accident" means a single occurrence which results in bodily injury to one or more of your employees.
2. "Allocated loss adjustment expense (ALAE)" encompasses the following costs to us, which can be directly allocated to a particular "claim":
 - a. Fees of attorneys or other authorized representatives (other than claimant attorney fees) where permitted for legal services, whether by outside vendors or staff representatives.
 - b. Court, Alternate Dispute Resolution, and other specific items of expense such as:

- (1) Medical examinations of a claimant to determine the extent of our liability, degree of permanency, or length of disability
 - (2) Expert medical or other testimony
 - (3) Autopsy
 - (4) Witnesses and summonses
 - (5) Copies of documents such as birth and death certificates, and medical treatment records
 - (6) Arbitration fees
 - (7) Surveillance
 - (8) Appeal bond costs and appeal filing fees
 - (9) Defense Cost Containment
- c. Medical cost containment expenses incurred with respect to a particular "claim", whether by an outside vendor or done internally by a staff representative for the purpose of controlling losses, to ensure that only reasonable and necessary costs of services are paid. The expenses include:
- (1) Bill auditing expenses for any medical or vocational services rendered, including hospital bills (inpatient or outpatient), nursing home bills, physician bills, chiropractic bills, medical equipment charges, pharmacy charges, physical therapy bills, and medical or vocational rehabilitation vendor bills
 - (2) Hospital and other treatment utilization reviews, including precertification/preadmission, and concurrent or retrospective reviews
 - (3) Preferred provider network/organization expenses
 - (4) Medical fee review panel expenses
- d. Expenses that are not defined as losses and are directly related to and directly allocated to the handling of a particular "claim" for services that are required to be performed by statute or regulation.
- e. Fees paid to independent claims professionals or attorneys hired to perform the function of "claim" investigation. Fees are paid for developing and investigating a "claim" so that a determination can be made of the cause or extent of responsibility for the injury or disease, including evaluation and settlement of covered "claims".

The definition of ALAE shall be amended when, and to the extent, necessary to bring the definition into compliance with applicable law.

3. "Claim" means a written demand you receive for:
- a. Benefits required of you by the Workers' Compensation Law, including benefits or any amounts payable under PART THREE – OTHER STATES INSURANCE or under any endorsement; or
 - b. Damages covered by this policy including a filing by or on behalf of your employee for such benefits with an agency authorized by law, and a suit or other proceeding brought by or on behalf of your employee for such benefits or damages.

All "claims" for benefits or damages because of bodily injury by the same or related diseases to any one employee will be considered as one "claim" when determining how the "retention" amounts apply.

4. "Claims Handling Expense" are the "unallocated loss adjustment expenses (ULAE)".

5. "Unallocated Loss Adjustment Expense (ULAE)" includes but is not limited to our employees' salaries, overhead, and traveling expenses that are considered loss adjustment expenses and are not incurred while doing activities listed as "allocated loss adjustment expense (ALAE)".
6. "Rating Plan Period" is as stated in the Schedule.
7. "Retention" means the "retention" shown in the Schedule and reflects the insured's loss limit corresponding to the policies listed in the Schedule.
8. "Ratable Loss" means all amounts we pay or estimate that we will pay for losses and "allocated loss adjustment expense (ALAE)", if applicable, within the "retention".
9. "Paid loss" means the portion of "ratable loss" that has been paid by us.

J. Terrorism

1. The Workers Compensation Terrorism premium will be charged as shown in the Schedule.
2. Terrorism losses will be subject to and included in the "retention".

K. Multiple Policy Maximum Loss Aggregate

As an alternative to a policy aggregate, you and we may agree to a Multiple Policy Maximum Loss Aggregate. Under this arrangement the maximum amount of payments by you for any reimbursement within a "retention" for all policies listed below shall be limited to the amount specified as the Maximum Loss Aggregate in the Schedule. For purposes of this section only, "retention" means all amounts we pay or estimate that we will pay for losses and ALAE, if applicable, within the "retention" or deductible (except in Wisconsin) as defined in the applicable policy.

The Multiple Policy Maximum Loss Aggregate charge stated in the Schedule is the charge which compensates us for the amount of loss (and ALAE if applicable) expected to exceed the established Multiple Policy Maximum Loss Aggregate.

A Multiple Policy Maximum Loss Aggregate applies only if selected by you, agreed to by us, and stated in the Schedule.

Policies subject to the Multiple Policy Maximum Loss Aggregate:

Schedule

The Retrospective Premium will be calculated based on the options selected by you as stated in this Schedule, plus the sum of all ratable loss ("paid loss" will be used for the first three (3) adjustments). Surcharges and Assessments are in addition to the Retrospective Premium.

Standard Premium will be computed in accordance with the definition of standard premium contained in the NCCI or applicable Basic Manual.

Rating Plan Period

This LRARO applies to the coverage as specified in the Schedule for the period beginning _____ and ending _____, referred to herein as the "rating plan period".

Coverages and Policies

This retrospective rating endorsement applies to the following policies:

List of Policies:

"Retention(s)"

Application of "Retention" By Coverage	"Retention"	Basis	Subject to Policy Aggregate
Bodily Injury by Accident	\$	Each "accident"	Yes <input type="checkbox"/> No <input type="checkbox"/>
Bodily Injury by Disease	\$	Each "claim"	Yes <input type="checkbox"/> No <input type="checkbox"/>

Policy Aggregate

If a Policy Aggregate is selected it applies only to the policy to which this endorsement is attached:

Policy Aggregate Amount:

The Policy Aggregate amount is based on: (option that applies is indicated by "X")

- Negotiated rate of _____ per _____ but in no event less than \$_____ (dollar amount) (exposure base)
- Negotiated percentage of Standard Premium _____ but in no event less than \$_____ (dollar amount) (percent of Standard Premium)
- Negotiated amount of \$_____.
- No Policy Aggregate applies.

Policy Aggregate Premium Charge

The Premium charge for the Policy Aggregate will be paid by you at a rate of _____ per _____ but in no event less than \$_____ (exposure base)

Minimum Retrospective Premium: (option that applies is indicated by "X")

- Negotiated percentage of Standard Premium: _____% but in no event less than \$_____.
- Negotiated rate of _____ per _____ but in no event less than \$_____ (exposure base)
- Negotiated amount of \$_____.

No Minimum Retrospective Premium applies.

Maximum Retrospective Premium: (option that applies is indicated by "X")

Negotiated percentage of Standard Premium: _____% but in no event less than \$_____.

Negotiated rate of _____ per _____ but in no event less than \$_____ (exposure base)

Negotiated amount of \$_____.

No Maximum Retrospective Premium applies.

Multiple Policy Maximum Loss Aggregate (option that applies is indicated by "X"). Multiple Policy Maximum Loss Aggregate can be elected only if no policy aggregate applies.

The Multiple Policy Maximum Loss Aggregate amount is determined by the option selected below:

Negotiated rate of _____ per _____ but in no event less than \$_____ (exposure base)

Negotiated percentage of Standard Premium _____ but in no event less than \$_____ (percent of Standard Premium)

Negotiated amount of \$_____.

No Maximum Loss Aggregate applies.

Multiple Policy Maximum Loss Aggregate Premium Charge (option that applies is indicated by "X")

The Premium charge for the Multiple Policy Maximum Loss Aggregate will be paid by you at a rate of _____ per _____ but in no event less than \$_____ (exposure base)

Negotiated Amount:_____.

"Allocated Loss Adjustment Expense (ALAE)": (option that applies is indicated by "X")

Included in the "retention" and the policy aggregate amount (if applicable); or

Included in the "retention" and the Multiple Policy Maximum Loss Aggregate amount (if applicable); or

Excluded from the "retention" and the policy aggregate amount (if applicable) and (option that applies is indicated by "X")

a. Reimbursed by you for total amount of expense regardless of "retention" limit(s) (insured pays all ALAE); or

b. Fully paid by us in return for a negotiated amount payable by you. Negotiated Amount \$_____.

Excluded from the "retention" and the Multiple Policy Maximum Loss Aggregate amount (if applicable) and (option that applies is indicated by "X")

- a. Reimbursed by you for total amount of expense regardless of "retention" limit(s) (insured pays all ALAE); or
- b. Fully paid by us in return for a negotiated amount payable by you.
Negotiated Amount \$ _____.

Account Expenses include the option(s) selected below: (option(s) that apply are indicated by "X")

Customized Claim Services

Customized "claim services" reimbursed by you at:

Select One:

- Rate of _____ per _____ but in no event less than \$ _____.
(exposure base)
- Negotiated amount of \$ _____.

Claims Handling Expense

"Claims Handling Expense" will be based on: (option that applies is indicated by "X")

- Reimbursed by you as a percentage charge for each dollar of loss:
Percentage charge: _____.
Subject to a minimum amount of \$ _____.
Subject to a maximum amount of \$ _____.
- Reimbursed by you as a negotiated amount for each "claim"
Negotiated amount per "claim" type will be kept in the underwriting file.
- Reimbursed by you as a negotiated amount
Negotiated amount: _____

Charges other than "Claims Handling Expense" will be reimbursed by you as indicated below: (option(s) that apply are indicated by "X")

- Administrative expense will be reimbursed by you at a rate of _____ per _____ but in no event less than \$ _____.
(exposure base)
- Excess rate will be reimbursed by you at a rate of _____ per _____ but in no event less than \$ _____.
(exposure base)
- Terrorism will be reimbursed by you at a rate of _____ per _____ but in no event less than \$ _____.
(exposure base)
- Variable expense will be reimbursed by you at a rate of _____ per _____ but in no event less than \$ _____.
(exposure base)
- Reimbursed by you as indicated below:

Item	Negotiated Amount
_____	_____
_____	_____

Service Description: _____

- Reimbursed by you at a rate of _____ per _____ but in no event less than \$_____ (exposure base)
- Negotiated Amount of \$_____.
- Other:_____.

Assessments and Surcharges will be billed to you in addition to the Retrospective Premium and as indicated below:

Billed at the applicable state rate and exposure base. Assessment and Surcharge calculations are in addition to the Retrospective Premium. Certain assessments and surcharges will be calculated at audit and reconciled at the First Adjustment. Those assessments and surcharges will be calculated based upon the applicable published state or federal factor at the policy effective date. Other assessments and surcharges are subject to annual adjustment, and the assessment and/or surcharge amount may change at each adjustment based upon changes in the applicable state or federal factor, changes in base amounts or formula.

After final premium audit, the premium under this endorsement will be billed to you as indicated below (option that applies is indicated by "X"). Assessment and Surcharges will be billed in addition to the Retrospective Premium if applicable.

- Will be billed to you at a rate of \$_____ per _____ but in no event less than \$_____ (exposure base)

Assessments and Surcharges will be billed in addition to the Retrospective Premium.

- Will be billed to you pursuant to your selections stated in the Schedule. Under this option, the first adjustment will be billed _____ months after policy expiration and annually thereafter. Assessments and Surcharges will be billed in addition to the Retrospective Premium.

Tax Multiplier (a tax multiplier must always be shown by state)

The Tax Multiplier shown below will be applied to premium due under this endorsement.

State	State Tax Multiplier	Federal Tax Multiplier	Applies To
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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.)

Issued by Choose an item.

For attachment to Policy No.

Effective Date

Premium \$

Issued to

Endorsement No.