



COMPENSATION RATING AND INSPECTION BUREAU

60 PARK PLACE, NEWARK, NJ 07102

(973) 622-6014

GROVER E. CZECH, ESQ.
Executive Director

FREDERICK A. HUBER
Associate Executive Director

November 20, 2009

MANUAL AMENDMENT BULLETIN #448

To All Bureau Members and Subscribers:

Re: Premium Discounts & Retrospective Rating Values – Effective January 1, 2010

The Commissioner of Banking and Insurance has approved the following changes for use with the new Manual of Rates issued concurrently with Circular Letter #1793 effective January 1, 2010 on a new and renewal basis. Changes to Manual rules are indicated in *italics* and **bold**.

PREMIUM DISCOUNTS

Amend 2:3-1 as follows:

1. Premium Discount Schedules

Applicable as provided in Premium Discount Rules, 3:3-74 through 79 of this Manual.

| | Total New Jersey Standard Premium | <u>Applicable Discounts on Policies Written</u> | |
|-------|--|---|-----------------------------|
| | | By Schedule Y Carrier | By Schedule X Carrier |
| First | \$ 5,000 | ... | ... |
| Next | 95,000 | 9.2% | 3.5% |
| Next | 400,000 | 10.9% | 5.0% |
| Over | 500,000 | 11.9% | 7.0% |

The **Schedule Y Premium Discount Table** that appears in 2:3-2 of the Manual is **replaced** by the Schedule Y Premium Discount Table in Exhibit I.

The changes to the Premium Discount Schedules in 2:3-1 and the Schedule Y Premium Discount Table in 2:3-2 recognize adjustments to various elements of expense.

RETROSPECTIVE RATING VALUES

Amend 2:6-1, 2:6-2 and 2:6-3 as follows:

1. Retrospective Development Factors

| | |
|----------------------------|-------------|
| 1 st Adjustment | 0.15 |
| 2 nd Adjustment | 0.08 |
| 3 rd Adjustment | 0.03 |
| Subsequent Adjustments | 0.00 |

2. Hazard Group Differentials

| Seven Group System | |
|---------------------------|----------------------|
| <u>Group</u> | <u>Differentials</u> |
| A | <i>1.698</i> |
| B | <i>1.386</i> |
| C | <i>1.270</i> |
| D | <i>1.186</i> |
| E | <i>0.986</i> |
| F | <i>0.737</i> |
| G | <i>0.657</i> |

| Four Group System | |
|--------------------------|----------------------|
| <u>Group</u> | <u>Differentials</u> |
| 1 | <i>1.450</i> |
| 2 | <i>1.243</i> |
| 3 | <i>0.852</i> |
| 4 | <i>0.657</i> |

The rules governing the use of the seven group or four group Hazard Group system are shown in 2:6-10 of this Manual.

3. Excess Loss Premium Factors

New Jersey Workers Compensation Law Seven Group System

| <u>Group</u> | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | <u>G</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Loss Limit | | | | | | | |
| \$ 25,000 | <i>0.373</i> | <i>0.405</i> | <i>0.424</i> | <i>0.442</i> | <i>0.463</i> | <i>0.493</i> | <i>0.522</i> |
| 30,000 | <i>0.354</i> | <i>0.385</i> | <i>0.405</i> | <i>0.423</i> | <i>0.445</i> | <i>0.477</i> | <i>0.508</i> |
| 40,000 | <i>0.323</i> | <i>0.353</i> | <i>0.374</i> | <i>0.393</i> | <i>0.416</i> | <i>0.449</i> | <i>0.484</i> |
| 50,000 | <i>0.299</i> | <i>0.329</i> | <i>0.350</i> | <i>0.368</i> | <i>0.392</i> | <i>0.427</i> | <i>0.465</i> |
| 75,000 | <i>0.257</i> | <i>0.285</i> | <i>0.306</i> | <i>0.324</i> | <i>0.348</i> | <i>0.384</i> | <i>0.426</i> |
| 100,000 | <i>0.228</i> | <i>0.254</i> | <i>0.275</i> | <i>0.293</i> | <i>0.317</i> | <i>0.353</i> | <i>0.398</i> |
| 125,000 | <i>0.205</i> | <i>0.231</i> | <i>0.252</i> | <i>0.269</i> | <i>0.293</i> | <i>0.329</i> | <i>0.375</i> |
| 150,000 | <i>0.188</i> | <i>0.213</i> | <i>0.234</i> | <i>0.251</i> | <i>0.275</i> | <i>0.310</i> | <i>0.358</i> |
| 175,000 | <i>0.174</i> | <i>0.198</i> | <i>0.219</i> | <i>0.235</i> | <i>0.258</i> | <i>0.294</i> | <i>0.342</i> |
| 200,000 | <i>0.161</i> | <i>0.185</i> | <i>0.205</i> | <i>0.221</i> | <i>0.244</i> | <i>0.280</i> | <i>0.329</i> |
| 250,000 | <i>0.141</i> | <i>0.164</i> | <i>0.184</i> | <i>0.199</i> | <i>0.222</i> | <i>0.257</i> | <i>0.307</i> |
| 300,000 | <i>0.126</i> | <i>0.147</i> | <i>0.167</i> | <i>0.181</i> | <i>0.203</i> | <i>0.238</i> | <i>0.288</i> |
| 350,000 | <i>0.113</i> | <i>0.133</i> | <i>0.153</i> | <i>0.167</i> | <i>0.188</i> | <i>0.222</i> | <i>0.273</i> |
| 400,000 | <i>0.102</i> | <i>0.121</i> | <i>0.141</i> | <i>0.154</i> | <i>0.175</i> | <i>0.209</i> | <i>0.259</i> |
| 450,000 | <i>0.094</i> | <i>0.112</i> | <i>0.130</i> | <i>0.143</i> | <i>0.164</i> | <i>0.197</i> | <i>0.247</i> |
| 500,000 | <i>0.087</i> | <i>0.104</i> | <i>0.122</i> | <i>0.134</i> | <i>0.154</i> | <i>0.186</i> | <i>0.237</i> |
| 600,000 | <i>0.075</i> | <i>0.090</i> | <i>0.108</i> | <i>0.119</i> | <i>0.138</i> | <i>0.169</i> | <i>0.219</i> |
| 700,000 | <i>0.066</i> | <i>0.080</i> | <i>0.097</i> | <i>0.107</i> | <i>0.125</i> | <i>0.155</i> | <i>0.204</i> |
| 800,000 | <i>0.060</i> | <i>0.073</i> | <i>0.089</i> | <i>0.098</i> | <i>0.115</i> | <i>0.144</i> | <i>0.192</i> |
| 900,000 | <i>0.054</i> | <i>0.066</i> | <i>0.081</i> | <i>0.090</i> | <i>0.106</i> | <i>0.134</i> | <i>0.181</i> |
| 1,000,000 | <i>0.049</i> | <i>0.061</i> | <i>0.075</i> | <i>0.084</i> | <i>0.099</i> | <i>0.125</i> | <i>0.172</i> |
| 2,000,000 | <i>0.027</i> | <i>0.034</i> | <i>0.044</i> | <i>0.049</i> | <i>0.060</i> | <i>0.079</i> | <i>0.118</i> |
| 3,000,000 | <i>0.020</i> | <i>0.025</i> | <i>0.033</i> | <i>0.037</i> | <i>0.045</i> | <i>0.060</i> | <i>0.093</i> |
| 4,000,000 | <i>0.016</i> | <i>0.020</i> | <i>0.027</i> | <i>0.030</i> | <i>0.037</i> | <i>0.049</i> | <i>0.078</i> |
| 5,000,000 | <i>0.014</i> | <i>0.017</i> | <i>0.023</i> | <i>0.026</i> | <i>0.032</i> | <i>0.043</i> | <i>0.068</i> |

**New Jersey Workers Compensation Law
Four Group System**

| Group | 1 | 2 | 3 | 4 |
|------------|--------------|--------------|--------------|--------------|
| Loss Limit | | | | |
| \$ 25,000 | <i>0.398</i> | <i>0.429</i> | <i>0.479</i> | <i>0.522</i> |
| 30,000 | <i>0.379</i> | <i>0.410</i> | <i>0.462</i> | <i>0.508</i> |
| 40,000 | <i>0.347</i> | <i>0.379</i> | <i>0.434</i> | <i>0.484</i> |
| 50,000 | <i>0.323</i> | <i>0.355</i> | <i>0.410</i> | <i>0.465</i> |
| 75,000 | <i>0.279</i> | <i>0.311</i> | <i>0.367</i> | <i>0.426</i> |
| 100,000 | <i>0.249</i> | <i>0.281</i> | <i>0.336</i> | <i>0.398</i> |
| 125,000 | <i>0.226</i> | <i>0.257</i> | <i>0.312</i> | <i>0.375</i> |
| 150,000 | <i>0.208</i> | <i>0.239</i> | <i>0.293</i> | <i>0.358</i> |
| 175,000 | <i>0.193</i> | <i>0.223</i> | <i>0.277</i> | <i>0.342</i> |
| 200,000 | <i>0.180</i> | <i>0.210</i> | <i>0.263</i> | <i>0.329</i> |
| 250,000 | <i>0.159</i> | <i>0.189</i> | <i>0.240</i> | <i>0.307</i> |
| 300,000 | <i>0.142</i> | <i>0.171</i> | <i>0.222</i> | <i>0.288</i> |
| 350,000 | <i>0.129</i> | <i>0.157</i> | <i>0.206</i> | <i>0.273</i> |
| 400,000 | <i>0.118</i> | <i>0.144</i> | <i>0.193</i> | <i>0.259</i> |
| 450,000 | <i>0.108</i> | <i>0.134</i> | <i>0.181</i> | <i>0.247</i> |
| 500,000 | <i>0.100</i> | <i>0.125</i> | <i>0.171</i> | <i>0.237</i> |
| 600,000 | <i>0.087</i> | <i>0.111</i> | <i>0.154</i> | <i>0.219</i> |
| 700,000 | <i>0.077</i> | <i>0.100</i> | <i>0.140</i> | <i>0.204</i> |
| 800,000 | <i>0.070</i> | <i>0.091</i> | <i>0.130</i> | <i>0.192</i> |
| 900,000 | <i>0.064</i> | <i>0.084</i> | <i>0.121</i> | <i>0.181</i> |
| 1,000,000 | <i>0.058</i> | <i>0.078</i> | <i>0.113</i> | <i>0.172</i> |
| 2,000,000 | <i>0.032</i> | <i>0.046</i> | <i>0.070</i> | <i>0.118</i> |
| 3,000,000 | <i>0.024</i> | <i>0.034</i> | <i>0.053</i> | <i>0.093</i> |
| 4,000,000 | <i>0.019</i> | <i>0.028</i> | <i>0.043</i> | <i>0.078</i> |
| 5,000,000 | <i>0.016</i> | <i>0.024</i> | <i>0.037</i> | <i>0.068</i> |

**United States Longshore and Harbor Workers Compensation Act
Seven and Four Group System**

| Group | A&B 1 | C&D 2 | E&F 3 | G 4 |
|------------|----------|----------|----------|--------|
| Loss Limit | | | | |
| \$ 25,000 | N | 0.435 | 0.515 | 0.552 |
| 30,000 | O | 0.414 | 0.496 | 0.539 |
| 40,000 | T | 0.381 | 0.463 | 0.509 |
| 50,000 | | 0.355 | 0.437 | 0.487 |
| 60,000 | | 0.334 | 0.417 | 0.465 |
| 70,000 | A | 0.314 | 0.397 | 0.444 |
| 75,000 | P | 0.304 | 0.387 | 0.434 |
| 80,000 | P | 0.297 | 0.378 | 0.426 |
| 90,000 | L | 0.283 | 0.362 | 0.411 |
| 100,000 | I | 0.270 | 0.346 | 0.396 |
| 150,000 | C | 0.222 | 0.290 | 0.337 |
| 200,000 | A | 0.190 | 0.250 | 0.294 |
| 250,000 | B | 0.168 | 0.222 | 0.262 |
| 300,000 | L | 0.151 | 0.200 | 0.238 |
| 350,000 | E | 0.141 | 0.187 | 0.223 |
| 400,000 | | 0.131 | 0.174 | 0.208 |
| 450,000 | | 0.121 | 0.161 | 0.193 |
| 500,000 | | 0.112 | 0.148 | 0.178 |
| 750,000 | | 0.093 | 0.122 | 0.146 |
| 1,000,000 | | 0.073 | 0.096 | 0.114 |

The group to which each classification is assigned is shown in 2:6-10 under the heading "Table H".

The rules governing the use of the seven group or four group system are also in 2:6-10 of this Manual.

The rule for the determination of the Excess Loss Premium Factor is found in 3:12-20(e) of this Manual.

The rule with respect to available limits is also found in 3:12-20(e) of this Manual.

The changes in 2:6-1, 2:6-2 and 2:6-3 follow the most recent loss experience. The Excess Loss Premium Factors for USL exposures in 2:6-3 remain unchanged.

Amend 2:6-5 and 2:6-6 as follows:

5. **Tax Multipliers** New Jersey - **1.071**
USL - **1.185**

6. **Expected Loss Ratio** - **0.607**

The **Expense Ratio Tables** appearing in 2:6-7 and 2:6-8 are amended as shown in Exhibits II and III, respectively. The amendments in 2:6-5 through 2:6-8 recognize adjustments to the expense and tax provisions.

The **Table of Classifications by Hazard Group (Table H)** appearing in 2:6-10 is **amended** as shown in Exhibit IV. This Table is amended to remove classification codes 1842 and 2001, which are discontinued as of January 1, 2010.

FORMS

The revision of premium discounts for Schedule Y, as previously noted, will require the **amendment** of New Jersey Premium Discount Endorsement – Schedule Y. The amended endorsement is shown in Exhibit V and is identified as WC 29 04 06 W.

Many of the retrospective rating plan endorsements used nationally have been revised and approved for use in jurisdictions other than New Jersey. In order to provide for consistency among states, two new retrospective rating plan endorsements are **added**, three current retrospective rating plan endorsements are **amended** with new versions and three current retrospective rating plan endorsements are **withdrawn**. The new and amended endorsements are included in Exhibit V. A summary of the changes to the New Jersey retrospective rating plan endorsements is as follows:

New Endorsements

Retrospective Rating Plan Premium Endorsement – Wrap-Up Construction Project.....WC 00 05 05 B

Retrospective Rating Plan Premium Endorsement – Large Risk Alternative Rating
Option (LRARO).....WC 00 05 16

Amended Endorsements

Retrospective Rating Plan Premium Endorsement – One Year Plan.....WC 00 05 03 B

Retrospective Rating Plan Premium Endorsement – Three Year Plan.....WC 00 05 04 B

Retrospective Rating Plan Premium Endorsement – Non-Ratable Catastrophe Element
or Surcharge.....WC 00 05 10 A

Withdrawn Endorsements

New Jersey Retrospective Premium Endorsement – Large Risk Alternative Rating
Option – One Year Rating Period.....WC 29 05 13 C

New Jersey Retrospective Premium Endorsement – Large Risk Alternative Rating
Option – Three Year Rating Period.....WC 29 05 14 C

New Jersey Retrospective Premium Endorsement – Large Risk Alternative Rating
Option – Long Term Construction Project.....WC 29 05 15 C

With respect to policy forms, your attention is called to 3:2-1 of the Manual wherein the rules for the filing of forms is explained.



Grover E. Czech, Esq.
Executive Director

GEC:cs
Att.

EXHIBIT I

SECTION 3: PREMIUM DISCOUNTS

2. Premium Discount Table - Schedule Y.

Applicable as provided in Premium Discount Rules: 3:3-74 through 79 of this Manual.

| | Total Standard Premium | Premium Discount | Total Standard Premium | Premium Discount | Total Standard Premium | Premium Discount | | |
|-------|------------------------------|---------------------|------------------------------|---------------------|------------------------------|---------------------|----------|------|
| 0- | 5027 | 0.0 | 8762- | 8932 | 4.0 | 36800- | 39999 | 8.0 |
| 5028- | 5082 | 0.1 | 8933- | 9108 | 4.1 | 40000- | 43809 | 8.1 |
| 5083- | 5139 | 0.2 | 9109- | 9292 | 4.2 | 43810- | 48421 | 8.2 |
| 5140- | 5197 | 0.3 | 9293- | 9484 | 4.3 | 48422- | 54117 | 8.3 |
| 5198- | 5257 | 0.4 | 9485- | 9684 | 4.4 | 54118- | 61333 | 8.4 |
| 5258- | 5317 | 0.5 | 9685- | 9892 | 4.5 | 61334- | 70769 | 8.5 |
| 5318- | 5380 | 0.6 | 9893- | 10109 | 4.6 | 70770- | 83636 | 8.6 |
| 5381- | 5443 | 0.7 | 10110- | 10337 | 4.7 | 83637- | 100465 | 8.7 |
| 5444- | 5508 | 0.8 | 10338- | 10574 | 4.8 | 100466- | 105365 | 8.8 |
| 5509- | 5575 | 0.9 | 10575- | 10823 | 4.9 | 105366- | 110769 | 8.9 |
| 5576- | 5644 | 1.0 | 10824- | 11084 | 5.0 | 110770- | 116756 | 9.0 |
| 5645- | 5714 | 1.1 | 11085- | 11358 | 5.1 | 116757- | 123428 | 9.1 |
| 5715- | 5786 | 1.2 | 11359- | 11645 | 5.2 | 123429- | 130909 | 9.2 |
| 5787- | 5859 | 1.3 | 11646- | 11948 | 5.3 | 130910- | 139354 | 9.3 |
| 5860- | 5935 | 1.4 | 11949- | 12266 | 5.4 | 139355- | 148965 | 9.4 |
| 5936- | 6013 | 1.5 | 12267- | 12602 | 5.5 | 148966- | 159999 | 9.5 |
| 6014- | 6092 | 1.6 | 12603- | 12957 | 5.6 | 160000- | 172799 | 9.6 |
| 6093- | 6174 | 1.7 | 12958- | 13333 | 5.7 | 172800- | 187826 | 9.7 |
| 6175- | 6258 | 1.8 | 13334- | 13731 | 5.8 | 187827- | 205714 | 9.8 |
| 6259- | 6344 | 1.9 | 13732- | 14153 | 5.9 | 205715- | 227368 | 9.9 |
| 6345- | 6433 | 2.0 | 14154- | 14603 | 6.0 | 227369- | 254117 | 10.0 |
| 6434- | 6524 | 2.1 | 14604- | 15081 | 6.1 | 254118- | 287999 | 10.1 |
| 6525- | 6618 | 2.2 | 15082- | 15593 | 6.2 | 288000- | 332307 | 10.2 |
| 6619- | 6715 | 2.3 | 15594- | 16140 | 6.3 | 332308- | 392727 | 10.3 |
| 6716- | 6814 | 2.4 | 16141- | 16727 | 6.4 | 392728- | 479999 | 10.4 |
| 6815- | 6917 | 2.5 | 16728- | 17358 | 6.5 | 480000- | 530370 | 10.5 |
| 6918- | 7022 | 2.6 | 17359- | 18039 | 6.6 | 530371- | 572799 | 10.6 |
| 7023- | 7131 | 2.7 | 18040- | 18775 | 6.7 | 572800- | 622608 | 10.7 |
| 7132- | 7244 | 2.8 | 18776- | 19574 | 6.8 | 622609- | 681904 | 10.8 |
| 7245- | 7359 | 2.9 | 19575- | 20444 | 6.9 | 681905- | 753684 | 10.9 |
| 7360- | 7479 | 3.0 | 20445- | 21395 | 7.0 | 753685- | 842352 | 11.0 |
| 7480- | 7603 | 3.1 | 21396- | 22439 | 7.1 | 842353- | 954666 | 11.1 |
| 7604- | 7731 | 3.2 | 22440- | 23589 | 7.2 | 954667- | 1101538 | 11.2 |
| 7732- | 7863 | 3.3 | 23590- | 24864 | 7.3 | 1101539- | 1301818 | 11.3 |
| 7864- | 7999 | 3.4 | 24865- | 26285 | 7.4 | 1301819- | 1591111 | 11.4 |
| 8000- | 8141 | 3.5 | 26286- | 27878 | 7.5 | 1591112- | 2045714 | 11.5 |
| 8142- | 8288 | 3.6 | 27879- | 29677 | 7.6 | 2045715- | 2863999 | 11.6 |
| 8289- | 8440 | 3.7 | 29678- | 31724 | 7.7 | 2864000- | 4773333 | 11.7 |
| 8441- | 8598 | 3.8 | 31725- | 34074 | 7.8 | 4773334- | 14319999 | 11.8 |
| 8599- | 8761 | 3.9 | 34075- | 36799 | 7.9 | 14320000- | & OVER | 11.9 |

EXHIBIT II

SECTION 6. RETROSPECTIVE RATING VALUES

7. Expense Ratios (Excluding Taxes-Including Profit & Contingency) - Schedule Y*

| | Total Standard Premium | Expense Ratio | Total Standard Premium | Expense Ratio | Total Standard Premium | Expense Ratio | | |
|-------|------------------------------|------------------|------------------------------|------------------|------------------------------|------------------|----------|------|
| 0- | 5027 | .327 | 8762- | 8932 | .289 | 36800- | 39999 | .252 |
| 5028- | 5082 | .326 | 8933- | 9108 | .288 | 40000- | 43809 | .251 |
| 5083- | 5139 | .325 | 9109- | 9292 | .287 | 43810- | 48421 | .250 |
| 5140- | 5197 | .324 | 9293- | 9484 | .287 | 48422- | 54117 | .249 |
| 5198- | 5257 | .323 | 9485- | 9684 | .286 | 54118- | 61333 | .248 |
| 5258- | 5317 | .322 | 9685- | 9892 | .285 | 61334- | 70769 | .247 |
| 5318- | 5380 | .321 | 9893- | 10109 | .284 | 70770- | 83636 | .246 |
| 5381- | 5443 | .320 | 10110- | 10337 | .283 | 83637- | 100465 | .245 |
| 5444- | 5508 | .319 | 10338- | 10574 | .282 | 100466- | 105365 | .245 |
| 5509- | 5575 | .318 | 10575- | 10823 | .281 | 105366- | 110769 | .244 |
| 5576- | 5644 | .317 | 10824- | 11084 | .280 | 110770- | 116756 | .243 |
| 5645- | 5714 | .316 | 11085- | 11358 | .279 | 116757- | 123428 | .242 |
| 5715- | 5786 | .316 | 11359- | 11645 | .278 | 123429- | 130909 | .241 |
| 5787- | 5859 | .315 | 11646- | 11948 | .277 | 130910- | 139354 | .240 |
| 5860- | 5935 | .314 | 11949- | 12266 | .276 | 139355- | 148965 | .239 |
| 5936- | 6013 | .313 | 12267- | 12602 | .275 | 148966- | 159999 | .238 |
| 6014- | 6092 | .312 | 12603- | 12957 | .274 | 160000- | 172799 | .237 |
| 6093- | 6174 | .311 | 12958- | 13333 | .273 | 172800- | 187826 | .236 |
| 6175- | 6258 | .310 | 13334- | 13731 | .273 | 187827- | 205714 | .235 |
| 6259- | 6344 | .309 | 13732- | 14153 | .272 | 205715- | 227368 | .234 |
| 6345- | 6433 | .308 | 14154- | 14603 | .271 | 227369- | 254117 | .233 |
| 6434- | 6524 | .307 | 14604- | 15081 | .270 | 254118- | 287999 | .232 |
| 6525- | 6618 | .306 | 15082- | 15593 | .269 | 288000- | 332307 | .231 |
| 6619- | 6715 | .305 | 15594- | 16140 | .268 | 332308- | 392727 | .231 |
| 6716- | 6814 | .304 | 16141- | 16727 | .267 | 392728- | 479999 | .230 |
| 6815- | 6917 | .303 | 16728- | 17358 | .266 | 480000- | 530370 | .229 |
| 6918- | 7022 | .302 | 17359- | 18039 | .265 | 530371- | 572799 | .228 |
| 7023- | 7131 | .301 | 18040- | 18775 | .264 | 572800- | 622608 | .227 |
| 7132- | 7244 | .301 | 18776- | 19574 | .263 | 622609- | 781904 | .226 |
| 7245- | 7359 | .300 | 19575- | 20444 | .262 | 681905- | 753684 | .225 |
| 7360- | 7479 | .299 | 20445- | 21395 | .261 | 753685- | 842352 | .224 |
| 7480- | 7603 | .298 | 21396- | 22439 | .260 | 842353- | 954666 | .223 |
| 7604- | 7731 | .297 | 22440- | 23589 | .259 | 954667- | 1101538 | .222 |
| 7732- | 7863 | .296 | 23590- | 24864 | .259 | 1101539- | 1301818 | .221 |
| 7864- | 7999 | .295 | 24865- | 26285 | .258 | 1301819- | 1591111 | .220 |
| 8000- | 8141 | .294 | 26286- | 27878 | .257 | 1591112- | 2045714 | .219 |
| 8142- | 8288 | .293 | 27879- | 29677 | .256 | 2045715- | 2863999 | .218 |
| 8289- | 8440 | .292 | 29678- | 31724 | .255 | 2864000- | 4773333 | .217 |
| 8441- | 8598 | .291 | 31725- | 34074 | .254 | 4773334- | 14319999 | .217 |
| 8599- | 8761 | .290 | 34075- | 36799 | .253 | 14320000- | & OVER | .216 |

* These expense ratios are based on the following expense provisions:

| | | |
|-------|---------------|-------|
| First | \$ 5,000..... | 0.327 |
| Next | 95,000..... | 0.241 |
| Next | 400,000..... | 0.225 |
| Over | 500,000..... | 0.216 |

EXHIBIT III

SECTION 6. RETROSPECTIVE RATING VALUES

8. Expense Ratios (Excluding Taxes-Including Profit & Contingency)-Schedule X*

| | Total Standard Premium | Expense Ratio | | Total Standard Premium | Expense Ratio |
|---------|------------------------------|------------------|----------|------------------------------|------------------|
| 0- | 5072 | .327 | 115518- | 124074 | .293 |
| 5073- | 5223 | .326 | 124075- | 133999 | .292 |
| 5224- | 5384 | .325 | 134000- | 145652 | .291 |
| 5385- | 5555 | .324 | 145653- | 159523 | .290 |
| 5556- | 5737 | .323 | 159524- | 176315 | .289 |
| 5738- | 5932 | .322 | 176316- | 197058 | .288 |
| 5933- | 6140 | .321 | 197059- | 223333 | .287 |
| 6141- | 6363 | .320 | 223334- | 257692 | .287 |
| 6364- | 6603 | .319 | 257693- | 304545 | .286 |
| 6604- | 6862 | .318 | 304546- | 372222 | .285 |
| 6863- | 7142 | .317 | 372223- | 478571 | .284 |
| 7143- | 7446 | .316 | 478572- | 518888 | .283 |
| 7447- | 7777 | .316 | 518889- | 543023 | .282 |
| 7778- | 8139 | .315 | 543024- | 569512 | .281 |
| 8140- | 8536 | .314 | 569513- | 598717 | .280 |
| 8537- | 8974 | .313 | 598718- | 631081 | .279 |
| 8975- | 9459 | .312 | 631082- | 667142 | .278 |
| 9460- | 9999 | .311 | 667143- | 707575 | .277 |
| 10000- | 10606 | .310 | 707576- | 753225 | .276 |
| 10607- | 11290 | .309 | 753226- | 805172 | .275 |
| 11291- | 12068 | .308 | 805173- | 864814 | .274 |
| 12069- | 12962 | .307 | 864815- | 933999 | .273 |
| 12963- | 13999 | .306 | 934000- | 1015217 | .273 |
| 14000- | 15217 | .305 | 1015218- | 1111904 | .272 |
| 15218- | 16666 | .304 | 1111905- | 1228947 | .271 |
| 16667- | 18421 | .303 | 1228948- | 1373529 | .270 |
| 18422- | 20588 | .302 | 1373530- | 1556666 | .269 |
| 20589- | 23333 | .301 | 1556667- | 1796153 | .268 |
| 23334- | 26923 | .301 | 1796154- | 2122727 | .267 |
| 26924- | 31818 | .300 | 2122728- | 2594444 | .266 |
| 31819- | 38888 | .299 | 2594445- | 3335714 | .265 |
| 38889- | 49999 | .298 | 3335715- | 4669999 | .264 |
| 50000- | 69999 | .297 | 4670000- | 7783333 | .263 |
| 70000- | 101515 | .296 | 7783334- | 23349999 | .262 |
| 101516- | 108064 | .295 | 23350000 | & OVER | .261 |
| 108065- | 115517 | .294 | | | |

* These expense ratios are based on the following expense provisions:

| | | |
|-------|-------------------|-------|
| First | \$ 5,000. | 0.327 |
| Next | 95,000. | 0.294 |
| Next | 400,000. | 0.280 |
| Over | 500,000. | 0.261 |

EXHIBIT IV

SECTION 6. RETROSPECTIVE RATING VALUES

10. Retrospective Rating – Table of Classifications by Hazard Group (Table H)

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

The following Table is to be used in determining the individual classification Hazard Group. Hazard Group assignments are necessary for use in Retrospective Rating calculations, specifically in the selection of Hazard Group Differentials and Excess Loss Premium Factors, when applicable. Two Hazard Groups are shown for each classification. The Hazard Groups labeled A through G are applicable in all instances unless approval to use the Hazard Groups labeled 1 through 4 has been obtained from the Bureau. The use of the Hazard Groups labeled 1 through 4 is optional and provided for those insurers who may prefer to continue the use of a four group system. Please contact the Rating Bureau for further information and before using the Hazard Groups labeled 1 through 4.

| Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) |
|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 0005 | C | 2 | 1754 | E | 3 | 2362 | C | 2 | 2710 | F | 3 |
| 0034 | C | 2 | 1814 | F | 3 | 2380 | C | 2 | 2731 | E | 3 |
| 0035 | B | 1 | 1815 | F | 3 | 2383 | C | 2 | 2737 | C | 2 |
| 0042 | D | 2 | 1853 | D | 2 | 2386 | B | 1 | 2759 | B | 1 |
| 0050 | C | 2 | 1924 | B | 1 | 2388 | B | 1 | 2790 | B | 1 |
| 0055 | C | 2 | 1925 | D | 2 | 2402 | E | 3 | 2802 | D | 2 |
| 0073 | C | 2 | 1937 | F | 3 | 2416 | C | 2 | 2835 | A | 1 |
| 0074 | D | 2 | 2002 | B | 1 | 2418 | C | 2 | 2836 | A | 1 |
| 0075 | B | 1 | 2003 | C | 2 | 2420 | C | 2 | 2841 | B | 1 |
| 0079 | E | 3 | 2014 | E | 3 | 2501 | C | 2 | 2852 | B | 1 |
| 0081 | C | 2 | 2039 | B | 1 | 2503 | B | 1 | 2881 | A | 1 |
| 0082 | C | 2 | 2041 | B | 1 | 2531 | C | 2 | 2883 | C | 2 |
| 0083 | C | 2 | 2070 | C | 2 | 2534 | B | 1 | 2913 | A | 1 |
| 0084 | C | 2 | 2081 | C | 2 | 2537 | C | 2 | 2916 | F | 3 |
| 0085 | D | 2 | 2089 | C | 2 | 2557 | C | 2 | 2923 | B | 1 |
| 0086 | B | 1 | 2095 | C | 2 | 2560 | A | 1 | 2942 | A | 1 |
| 0089 | E | 3 | 2110 | B | 1 | 2570 | B | 1 | 2960 | C | 2 |
| 0106 | F | 3 | 2111 | B | 1 | 2571 | C | 2 | 3004 | E | 3 |
| 0700 | C | 2 | 2112 | B | 1 | 2575 | B | 1 | 3018 | E | 3 |
| 0910 | B | 1 | 2114 | B | 1 | 2576 | B | 1 | 3022 | B | 1 |
| 0912 | B | 1 | 2121 | C | 2 | 2578 | C | 2 | 3027 | E | 3 |
| 0913 | C | 2 | 2130 | C | 2 | 2582 | C | 2 | 3028 | C | 2 |
| 0915 | C | 2 | 2131 | C | 2 | 2585 | B | 1 | 3030 | E | 3 |
| 0917 | B | 1 | 2143 | B | 1 | 2586 | C | 2 | 3040 | E | 3 |
| 1320 | F | 3 | 2150 | C | 2 | 2587 | B | 1 | 3041 | C | 2 |
| 1438 | F | 3 | 2156 | C | 2 | 2588 | B | 1 | 3042 | D | 2 |
| 1452 | E | 3 | 2157 | C | 2 | 2600 | B | 1 | 3045 | D | 2 |
| 1463 | F | 3 | 2173 | B | 1 | 2623 | D | 2 | 3060 | C | 2 |
| 1605 | E | 3 | 2211 | E | 3 | 2654 | B | 1 | 3061 | C | 2 |
| 1624 | F | 3 | 2222 | C | 2 | 2660 | B | 1 | 3062 | C | 2 |
| 1699 | E | 3 | 2286 | B | 1 | 2670 | A | 1 | 3066 | C | 2 |
| 1701 | E | 3 | 2302 | C | 2 | 2683 | B | 1 | 3075 | B | 1 |
| 1710 | E | 3 | 2303 | C | 2 | 2686 | B | 1 | 3076 | B | 1 |
| 1741 | G | 4 | 2352 | B | 1 | 2688 | B | 1 | 3081 | E | 3 |
| 1747 | E | 3 | 2361 | C | 2 | 2702 | G | 4 | 3085 | E | 3 |

Class Codes 1842 and 2001 are discontinued.

EXHIBIT IV (Cont'd)

10. Retrospective Rating – Table of Classifications by Hazard Group (Table H)

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

| Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) |
|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 3091 | C | 2 | 3507 | C | 2 | 4061 | B | 1 | 4479 | A | 1 |
| 3110 | C | 2 | 3548 | C | 2 | 4062 | C | 2 | 4484 | C | 2 |
| 3111 | C | 2 | 3561 | B | 1 | 4111 | B | 1 | 4491 | C | 2 |
| 3113 | C | 2 | 3571 | B | 1 | 4112 | C | 2 | 4493 | C | 2 |
| 3114 | C | 2 | 3574 | B | 1 | 4113 | C | 2 | 4557 | B | 1 |
| 3117 | A | 1 | 3581 | B | 1 | 4114 | C | 2 | 4558 | C | 2 |
| 3118 | B | 1 | 3612 | D | 2 | 4115 | C | 2 | 4561 | C | 2 |
| 3122 | B | 1 | 3620 | E | 3 | 4130 | C | 2 | 4571 | D | 2 |
| 3131 | C | 2 | 3632 | D | 2 | 4131 | B | 1 | 4572 | D | 2 |
| 3132 | C | 2 | 3634 | B | 1 | 4133 | B | 1 | 4583 | F | 3 |
| 3145 | C | 2 | 3635 | C | 2 | 4150 | A | 1 | 4597 | B | 1 |
| 3146 | C | 2 | 3638 | B | 1 | 4239 | E | 3 | 4598 | E | 3 |
| 3169 | C | 2 | 3642 | C | 2 | 4240 | B | 1 | 4611 | B | 1 |
| 3179 | B | 1 | 3643 | C | 2 | 4243 | C | 2 | 4627 | E | 3 |
| 3188 | B | 1 | 3648 | B | 1 | 4244 | C | 2 | 4628 | E | 3 |
| 3192 | B | 1 | 3649 | C | 2 | 4245 | C | 2 | 4635 | G | 4 |
| 3193 | B | 1 | 3656 | D | 2 | 4249 | C | 2 | 4653 | B | 1 |
| 3194 | B | 1 | 3681 | B | 1 | 4250 | C | 2 | 4665 | E | 3 |
| 3220 | C | 2 | 3685 | B | 1 | 4251 | C | 2 | 4683 | C | 2 |
| 3227 | B | 1 | 3686 | B | 1 | 4273 | C | 2 | 4692 | B | 1 |
| 3228 | C | 2 | 3719 | G | 4 | 4279 | C | 2 | 4693 | C | 2 |
| 3241 | C | 2 | 3724 | F | 3 | 4282 | B | 1 | 4703 | C | 2 |
| 3255 | A | 1 | 3726 | G | 4 | 4283 | C | 2 | 4707 | C | 2 |
| 3257 | C | 2 | 3807 | B | 1 | 4299 | B | 1 | 4710 | B | 1 |
| 3270 | C | 2 | 3815 | D | 2 | 4301 | B | 1 | 4712 | B | 1 |
| 3300 | C | 2 | 3821 | D | 2 | 4307 | A | 1 | 4720 | C | 2 |
| 3307 | C | 2 | 3826 | C | 2 | 4313 | D | 2 | 4740 | E | 3 |
| 3315 | B | 1 | 3830 | D | 2 | 4351 | C | 2 | 4741 | C | 2 |
| 3331 | E | 3 | 3864 | D | 2 | 4352 | B | 1 | 4771 | G | 4 |
| 3336 | E | 3 | 3865 | A | 1 | 4353 | D | 2 | 4824 | B | 1 |
| 3339 | E | 3 | 3881 | C | 2 | 4360 | B | 1 | 4827 | E | 3 |
| 3365 | E | 3 | 4000 | F | 3 | 4361 | B | 1 | 4828 | D | 2 |
| 3372 | D | 2 | 4023 | E | 3 | 4362 | C | 2 | 4829 | F | 3 |
| 3373 | C | 2 | 4024 | E | 3 | 4410 | C | 2 | 4835 | E | 3 |
| 3381 | C | 2 | 4027 | E | 3 | 4431 | A | 1 | 4836 | E | 3 |
| 3382 | B | 1 | 4034 | E | 3 | 4432 | A | 1 | 4902 | B | 1 |
| 3383 | B | 1 | 4036 | E | 3 | 4439 | E | 3 | 4923 | C | 2 |
| 3384 | C | 2 | 4038 | A | 1 | 4452 | C | 2 | 5000 | F | 3 |
| 3385 | B | 1 | 4050 | B | 1 | 4459 | C | 2 | 5022 | F | 3 |
| 3400 | D | 2 | 4053 | C | 2 | 4470 | C | 2 | 5038 | G | 4 |

EXHIBIT IV (Cont'd)

10. Retrospective Rating – Table of Classifications by Hazard Group (Table H)

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

| Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) |
|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 5040 | G | 4 | 5606 | F | 3 | 7151 | E | 3 | 7580 | E | 3 |
| 5057 | G | 4 | 5610 | C | 2 | 7152 | E | 3 | 7590 | D | 2 |
| 5059 | G | 4 | 5645 | F | 3 | 7196 | F | 3 | 7600 | E | 3 |
| 5069 | G | 4 | 5651 | F | 3 | 7201 | C | 2 | 7601 | F | 3 |
| 5099 | F | 3 | 5701 | F | 3 | 7207 | E | 3 | 7605 | E | 3 |
| 5103 | F | 3 | 5703 | E | 3 | 7219 | F | 3 | 7610 | D | 3 |
| 5146 | E | 3 | 5705 | E | 3 | 7230 | D | 2 | 7710 | F | 3 |
| 5160 | F | 3 | 5951 | B | 1 | 7231 | D | 2 | 7711 | F | 3 |
| 5183 | E | 3 | 5954 | B | 1 | 7250 | G | 4 | 7712 | G | 4 |
| 5184 | E | 3 | 6003 | E | 3 | 7309 | G | 4 | 7714 | C | 2 |
| 5188 | E | 3 | 6005 | E | 3 | 7327 | G | 4 | 7715 | G | 4 |
| 5190 | E | 3 | 6017 | E | 3 | 7334 | G | 4 | 7720 | E | 3 |
| 5191 | C | 2 | 6039 | F | 3 | 7335 | G | 4 | 7723 | G | 4 |
| 5192 | C | 2 | 6042 | E | 3 | 7360 | E | 3 | 7728 | G | 4 |
| 5200 | E | 3 | 6204 | F | 3 | 7369 | C | 2 | 7855 | E | 3 |
| 5213 | F | 3 | 6217 | F | 3 | 7370 | C | 2 | 8001 | B | 1 |
| 5215 | D | 2 | 6229 | F | 3 | 7380 | D | 2 | 8006 | C | 2 |
| 5222 | F | 3 | 6233 | F | 3 | 7381 | C | 2 | 8008 | B | 1 |
| 5223 | E | 3 | 6235 | G | 4 | 7382 | C | 2 | 8010 | B | 1 |
| 5348 | E | 3 | 6251 | F | 3 | 7384 | C | 2 | 8013 | C | 2 |
| 5402 | B | 1 | 6252 | G | 4 | 7390 | C | 2 | 8017 | B | 1 |
| 5403 | F | 3 | 6306 | F | 3 | 7394 | G | 4 | 8018 | B | 1 |
| 5409 | E | 3 | 6319 | F | 3 | 7395 | G | 4 | 8021 | C | 2 |
| 5437 | E | 3 | 6325 | F | 3 | 7403 | E | 3 | 8031 | C | 2 |
| 5443 | C | 2 | 6400 | D | 2 | 7405 | E | 3 | 8032 | B | 1 |
| 5445 | F | 3 | 6504 | B | 1 | 7424 | E | 3 | 8033 | C | 2 |
| 5458 | F | 3 | 6702 | F | 3 | 7425 | G | 4 | 8034 | C | 2 |
| 5459 | F | 3 | 6703 | F | 3 | 7426 | G | 4 | 8039 | B | 1 |
| 5462 | E | 3 | 6801 | E | 3 | 7427 | G | 4 | 8044 | D | 2 |
| 5466 | F | 3 | 6824 | F | 3 | 7428 | E | 3 | 8045 | B | 1 |
| 5473 | G | 4 | 6826 | E | 3 | 7431 | G | 4 | 8046 | C | 2 |
| 5474 | F | 3 | 6872 | G | 4 | 7435 | E | 3 | 8047 | B | 1 |
| 5475 | G | 4 | 6874 | G | 4 | 7502 | E | 3 | 8048 | B | 1 |
| 5479 | D | 2 | 7019 | G | 4 | 7515 | G | 4 | 8051 | B | 1 |
| 5480 | F | 3 | 7027 | G | 4 | 7520 | C | 2 | 8053 | B | 1 |
| 5491 | F | 3 | 7038 | G | 4 | 7536 | G | 4 | 8054 | B | 1 |
| 5500 | G | 4 | 7046 | G | 4 | 7538 | G | 4 | 8055 | B | 1 |
| 5509 | F | 3 | 7089 | G | 4 | 7539 | F | 3 | 8090 | C | 2 |
| 5538 | E | 3 | 7098 | G | 4 | 7540 | G | 4 | 8102 | B | 1 |
| 5551 | G | 4 | 7133 | F | 3 | 7570 | E | 3 | 8103 | D | 2 |

EXHIBIT IV (Cont'd)

10. Retrospective Rating – Table of Classifications by Hazard Group (Table H)

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

| Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) | Code No. | Hazard Group (A-G) | Hazard Group (1-4) |
|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 8105 | B | 1 | 8709 | G | 4 | 9052 | B | 1 | 9530 | G | 4 |
| 8106 | E | 3 | 8711 | G | 4 | 9053 | B | 1 | 9538 | F | 3 |
| 8107 | E | 3 | 8720 | E | 3 | 9060 | B | 1 | 9549 | F | 3 |
| 8111 | C | 2 | 8726 | E | 3 | 9061 | A | 1 | 9554 | F | 3 |
| 8116 | C | 2 | 8731 | E | 3 | 9063 | B | 1 | 9555 | F | 3 |
| 8203 | C | 2 | 8737 | B | 1 | 9065 | B | 1 | 9556 | F | 3 |
| 8204 | E | 3 | 8738 | B | 1 | 9078 | C | 2 | 9557 | D | 2 |
| 8215 | E | 3 | 8742 | E | 3 | 9079 | A | 1 | 9586 | A | 1 |
| 8227 | G | 4 | 8745 | D | 2 | 9088 | G | 4 | 9600 | B | 1 |
| 8232 | E | 3 | 8748 | D | 2 | 9089 | B | 1 | 9610 | E | 3 |
| 8235 | C | 2 | 8753 | B | 1 | 9093 | B | 1 | 9620 | D | 2 |
| 8263 | D | 2 | 8755 | E | 3 | 9102 | C | 2 | 9720 | C | 2 |
| 8264 | E | 3 | 8800 | A | 1 | 9106 | B | 1 | 9726 | C | 2 |
| 8265 | F | 3 | 8803 | E | 3 | 9107 | B | 1 | 9727 | C | 2 |
| 8268 | C | 2 | 8810 | C | 2 | 9109 | G | 4 | 9728 | C | 2 |
| 8269 | D | 2 | 8814 | B | 1 | 9154 | C | 3 | | | |
| 8279 | F | 3 | 8815 | B | 1 | 9156 | D | 2 | | | |
| 8280 | F | 3 | 8820 | D | 2 | 9170 | G | 4 | | | |
| 8291 | D | 2 | 8828 | C | 2 | 9178 | A | 1 | | | |
| 8292 | C | 2 | 8829 | C | 2 | 9179 | B | 1 | | | |
| 8293 | E | 3 | 8831 | C | 2 | 9180 | E | 3 | | | |
| 8350 | F | 3 | 8832 | C | 2 | 9182 | C | 2 | | | |
| 8353 | E | 3 | 8835 | C | 2 | 9186 | F | 3 | | | |
| 8385 | E | 3 | 8836 | C | 2 | 9220 | D | 2 | | | |
| 8387 | D | 2 | 8838 | B | 1 | 9402 | E | 3 | | | |
| 8392 | C | 2 | 8840 | C | 2 | 9403 | F | 3 | | | |
| 8393 | C | 2 | 8860 | E | 3 | 9410 | C | 2 | | | |
| 8396 | D | 2 | 8868 | B | 2 | 9418 | E | 3 | | | |
| 8397 | D | 2 | 8901 | D | 2 | 9421 | B | 1 | | | |
| 8398 | D | 2 | 9014 | C | 2 | 9423 | C | 2 | | | |
| 8506 | E | 3 | 9015 | C | 2 | 9501 | D | 2 | | | |
| 8507 | E | 3 | 9016 | C | 2 | 9519 | E | 3 | | | |
| 8601 | D | 2 | 9033 | C | 2 | 9521 | E | 3 | | | |
| 8606 | F | 3 | 9044 | B | 1 | 9522 | C | 2 | | | |
| 8607 | E | 3 | 9045 | C | 2 | 9529 | G | 4 | | | |

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ENDORSEMENTS
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EXHIBIT V (Cont'd)

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY WC 29 04 06 W

**NEW JERSEY
PREMIUM DISCOUNT ENDORSEMENT
SCHEDULE Y**

The New Jersey premium for this policy and the policies, if any, listed in Item 2 of the Schedule may be eligible for a discount. This endorsement shows the discount rates in Item 1 of the Schedule. The final calculation of premium discount will be determined by our Manual and your New Jersey standard premium as determined by audit.

In certain cases where New Jersey retrospective rating applies, all of the premium may not be subject to retrospective rating. In such cases:

So much of the New Jersey Standard Premium as is subject to retrospective rating shall not be subject to discount. The remainder is subject to discount and the discount is calculated as follows:

- (a) Determine the discount as though none of the standard premium is subject to retrospective rating.
- (b) Determine the discount as though only the premium subject to retrospective rating is discounted.
- (c) The difference between (a) and (b) is the applicable premium discount.

Schedule

- 1. Premium Discount. The first \$5,000 of the Standard Premium shall be charged in full without discount, the next \$95,000 shall be subject to a discount of 9.2%, the next \$400,000 shall be subject to a discount of **10.9%**, and the remainder shall be subject to a discount of **11.9%**.
- 2. Other policies:

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

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

| | | |
|-----------------------|------------------------|-----------------|
| Endorsement Effective | Policy No. | Endorsement No. |
| Insured | | Premium \$ |
| Insurance Company | Countersigned by _____ | |

Notes:

- 1. Use this endorsement to show the application of New Jersey Intrastate Premium Discount.
- 2. The company shall insert (print) the discount percentages applicable to it in Item 1, or an average table may be used. If the New Jersey Premium Discount Table is used, Item 1 shall be amended to read:

The Standard Premium shall be subject to the applicable discount stated in the following Premium Discount Table:
- 3. Item 2 is available to list all New Jersey Workers Compensation and Employers Liability Insurance policies which are included for combination under the premium discount rule.

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 05 03 B

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE YEAR PLAN

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how a retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines a retrospective rating plan premium for the insurance provided during the rating plan period by this policy and any other policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

- 1) Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
- 2) Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control service
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

- 3) Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
- 4) Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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losses. The loss conversion factor is shown in the Schedule.

- 5) Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and non-federal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

- 1) The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this 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 premium factor.

Excess loss premium factors vary by state, by classification and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

- 2) The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate a retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

- 1) Retrospective rating plan premium is the sum of basic premium, converted losses plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
- 2) The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors shown in the Schedule to the standard premium.
- 3) 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.

D. Calculation of Retrospective Rating Plan Premium

- 1) We will calculate a retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

- 2) After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 3) After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation of a Policy Under a Retrospective Rating Plan

- 1) If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.
- 2) If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
- 3) If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
- 4) If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

- 5) Section F.4. 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
 - c) You retire from all business covered by the insurance

Schedule

1) Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

2) Loss Limitation: \$ _____

3) Loss Conversion Factor _____

Minimum Retrospective Rating Plan Premium Factor _____

Maximum Retrospective Rating Plan Premium Factor _____

4) The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

| | 50% | 100% | 150% |
|----------------------------|------------|-------------|-------------|
| Estimated Standard Premium | \$ _____ | \$ _____ | \$ _____ |
| Basic Premium Factor | _____ | _____ | _____ |

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 5) The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

| State | Excess Loss Premium Factors | | Tax Multiplier | | Retrospective Development Factors | | |
|-------|--------------------------------|----------------------------|--------------------------------|----------------------------|-----------------------------------|-----|-----|
| | State (Other than "F" Classes) | Federal ("F" Classes Only) | State (Other than "F" Classes) | Federal ("F" Classes Only) | 1st | 2nd | 3rd |
| | | | | | | | |

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how a retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines a retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

- 1) Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
- 2) Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Related loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

- 3) Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgements, expenses to cover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
- 4) Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 5) Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted incurred losses and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and non-federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

- 1) The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this 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 premium factor.

Excess loss premium factors vary by state, by classification and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

- 2) The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate a retrospective rating plan premium. If the policies provide insurance for more than one insured, a retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

- 1) Retrospective rating plan premium is the sum of basic premium, converted losses plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
- 2) The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
- 3) 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.

D. Calculation of Retrospective Rating Plan Premium

- 1) We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 2) After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
- 3) After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during a retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation an Nonrenewal of a Policy Under a Retrospective Rating Plan

- 1) If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period for of all insurance subject to this endorsement.
- 2) If the other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
- 3) If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be the standard premium for the rating period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating plan factors shown in the Schedule.
- 4) If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).

- 5) Section F.4. will not apply if you cancel or do not renew because:
 - a) All work covered by the insurance is complete
 - b) All interest in the business covered by the insurance is sold
 - c) You retire from all business covered by the insurance

Schedule

- 1) Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

- 2) Loss Limitation: \$ _____
- 3) Loss Conversion Factor _____
- Minimum Retrospective Rating Plan Premium Factor _____
- Maximum Retrospective Rating Plan Premium Factor _____

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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4) The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premium, shown below, the basic premium factor will be recalculated.

| | | | |
|----------------------------|------------|-------------|-------------|
| | 50% | 100% | 150% |
| Estimated Standard Premium | \$ _____ | \$ _____ | \$ _____ |
| Basic Premium Factor | _____ | _____ | _____ |

5) The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

| State | Excess Loss Premium Factors | | Tax Multiplier | | Retrospective Development Factors | | |
|-------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|-----------------------------------|-----|-----|
| | State (Other than "F" Classes) | Federal ("F" Classes Only) | State (Other than "F" Classes) | Federal ("F" Classes Only) | 1st | 2nd | 3rd |
| | | | | | | | |

EXHIBIT V (Cont'd).**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****WC 00 05 05 B****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
WRAP-UP CONSTRUCTION PROJECT**

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how a retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines a retrospective rating plan premium for the insurance provided during the rating plan period by this policy, and policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described on the Information Page, beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

- 1) Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
- 2) Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control service
 - Insurance charges

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

- 3) Incurred losses are all amounts we pay or estimate we pay for losses, interest or judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
- 4) Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 5) Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and non-federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

- 1) The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this 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 premium factor.

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

- 2) The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

Retrospective development factors vary by state, by electing a loss limitation and by first, second and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate a retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

- 1) Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. The sum is multiplied by the applicable tax multiplier shown in the Schedule.
- 2) The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors shown in the Schedule, to the standard premium.
- 3) 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.

D. Calculation of Retrospective Rating Plan Premium

- 1) We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.

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

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 2) After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
- 3) After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during a retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

- 1) If the policy to which this endorsement is attached is cancelled or not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.
- 2) If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
- 3) If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
- 4) If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.

- 5) Section F.4. will not apply if you cancel or do not renew because:
 - a) All work covered by the insurance is complete
 - b) All interest in the business covered by the insurance is sold
 - c) You retire from all business covered by the insurance

Schedule

- 1) Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

- 2) Loss Limitation: \$ _____
- 3) Loss Conversion Factor _____
Minimum Retrospective Premium Factor _____
Maximum Retrospective Premium Factor _____

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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- 4) The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premium, shown below, the basic premium factor will be recalculated.

| | | | |
|----------------------------|------------|-------------|-------------|
| | 50% | 100% | 150% |
| Estimated Standard Premium | \$ _____ | \$ _____ | \$ _____ |
| Basic Premium Factor | _____ | _____ | _____ |

- 5) The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

| State | Excess Loss Premium Factors | | Tax Multiplier | | Retrospective Development Factors | | |
|-------|--------------------------------|----------------------------|--------------------------------|----------------------------|-----------------------------------|-----|-----|
| | State (Other than "F" Classes) | Federal ("F" Classes Only) | State (Other than "F" Classes) | Federal ("F" Classes Only) | 1st | 2nd | 3rd |
| | | | | | | | |

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement changes the retrospective rating plan premium endorsement attached to the policy.

- 1) Standard premium excludes the portion of the premium that is determined by the application of a non-ratable catastrophe element in a rate or a non-ratable catastrophe surcharge required by our manuals. The classification involving such premiums are listed in the Schedule below.
- 2) Incurred losses do not include:
 - a) the cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a non-ratable catastrophe element
 - b) losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement

Catastrophe provisions, as described in our manuals, are included in the total policy premium, but excluded from the standard premium used in a retrospective rating plan premium.

Schedule

EXHIBIT V (Cont'd).

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

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**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
LARGE RISK ALTERNATIVE RATING OPTION (LRARO)**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement applies only to workers compensation and employers liability insurance when rated under the provisions of the Large Risk Alternative Rating Option that we have negotiated with you.