



**Retrospective Rating or  
\*Large Risk Alternative Rating Option**

**Calculation of Rating Values**

**50%                      100%                      150%**

(a) **Minimum Premium Factor			
(b) Maximum Premium Factor			
(c) Loss Conversion Factor _____			
(d) New Jersey Tax Multiplier _____			
(e) Expected Loss Ratio _____			
(f) Hazard Group Differential _____			
(g) ***Excess Loss Factor or Zero _____			
(h) ****Loss Group Adjustment Factor or 1.000 _____			
1. Estimated New Jersey Annual Standard Premium _____			
2. Expected Losses (e) x (1) _____			
3. Expense and Profit or Contingency Ratio _____			
4. Expense and Profit or Contingency, Excluding Taxes (3) x (1) _____			
5. Expected Loss and Expense Ratio [(2) + (4)] / (1) _____			
6. Loss and Expense in Converted Losses (e) x (c) _____			
7. Expense and Profit or Contingency in Basic Premium Factor (5) - (6) _____			
8. Expected Limited Loss Ratio (e) - (g) _____			
9. Adjusted Expected Losses (2) x (f) x (h) _____			
9a. Expected Loss Group for One Year Rating Period _____			
9b. ****Expected Loss Group for Three Year or Long-Term Rating Period _____			
10. Minimum Factor Excluding Taxes (a) / (d) _____			
11. Maximum Factor Excluding Taxes (b) / (d) _____			
12. **Table of Insurance Charges Value Difference [(5) - (10)] / [(c) x (8)] _____			
12a.**Saving [(11) - (5)] / [(c) x (8)] _____			
13. Table of Insurance Charges Entry Difference [(11) - (10)] / [(c) x (8)] _____			
14. Ratio of Minimum Rated Losses to Expected Losses _____			
15. Ratio of Maximum Rated Losses to Expected Losses _____			
16. Table of Insurance Charges Premium Charge for (15) _____			
17. Table of Insurance Charges Premium Saving for (14) _____			
18. Net Insurance Charge [(16) - (17)] x [(c) x (8)] _____			
19. Basic Premium Factor (7) + (18) _____			

\* The rating values for the Large Risk Alternative Rating Option are calculated as agreed upon by the insured and carrier. See the exception to 3:12-7 of the N.J. Manual.

\*\* If no minimum (BPxTM) was elected, items 10, 12, 13, 14 and 17 should be left blank and 12a should be used rather than 12.

\*\*\* If loss limit was not elected, the Excess Loss Factor should be zero. The Loss Group Adjustment Factor is always 1.000 when loss limit is not elected.

\*\*\*\* If a three year rating period was elected, multiply the annual adjusted expected losses in item 9 by 3 (years) to determine the loss group for 9b. If a long-term rating period was elected, multiply the annual adjusted expected losses in item 9 by the number of years of the long-term construction project.