

# California Insolvent Insurer Rating Adjustment Plan

Effective January 1, 2014

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## Section 1 — General Provisions

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### Section 1 — General Provisions

#### Introduction

##### 1. Purpose

The purpose of the *California Insolvent Insurer Rating Adjustment Plan* is to allow Company to increase or decrease the premium charged to an eligible policyholder based on the experience developed by the policyholder.

##### 2. Effective Date

The effective date of these rules and rating values, and any change in these rules and rating values, is the date established pursuant to Company's filing of this Plan, and any amendments thereto, with the Insurance Commissioner of the State of California.

##### 3. Applicability

The Insolvent Insurer Rating Adjustment Factor (Rating Adjustment Factor) computed in accordance with this plan shall be applied to the base premium developed in connection with the coverage provided by Company during the effective period of the Rating Adjustment Factor. However, if an experience modification applicable to the coverage provided by Company is published in accordance with the provisions of the *California Workers' Compensation Experience Rating Plan—1995*, the experience modification will supersede the Rating Adjustment Factor during the period that the experience modification is applicable.

##### 4. Amendment of Policy Term

It shall not be permissible by cancellation or rewriting, or by the extension of the policy term, to alter an existing contract with Company for the purpose of enabling the policyholder to qualify for, or avoid, application of this Plan.

##### 5. Misrepresentation

The making of false or fraudulent statements, whether orally or in writing, of any fact material to the determination of the Rating Adjustment Factor determined in accordance with this Plan is prohibited.

If Company determines that such false or fraudulent statements have been made, it may remove the Rating Adjustment Factor and pursue available legal action.

##### 6. Insolvent Insurer Rating Adjustment Forms

The Rating Adjustment Factor and the data used to compute the factor shall be exhibited on either the Insolvent Insurer Rating Adjustment Form included in this Plan or a reasonable facsimile generated by Company. Every policyholder eligible for this Plan shall be entitled to one copy of the form upon which its Rating Adjustment Factor is calculated.

##### 7. Endorsement

Each policy to which this Plan applies shall include an approved Insolvent Insurer Rating Adjustment Plan Endorsement.

## Section II — Definitions

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### Section II — Definitions

The definitions set forth in this Section shall govern the construction and meaning of the terms and phrases used in this Plan.

#### 1. Anniversary Rating Date

The anniversary rating date of a policy will be controlled by the effective date of the preceding policy, except, where the WCIRB has established an anniversary rating date for experience rating purposes, such date will govern.

#### 2. Base Premium

The amount derived from summing the application of Company's classification rates to the payroll or other basis of exposure, excluding any premium charges arising from the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

#### 3. Company

The insurance company adopting this Plan.

#### 4. Entity

An individual, joint venture, partnership, limited liability partnership, corporation, limited liability company, unincorporated association, or fiduciary operation (e.g., trust, receivership, or estate of deceased individual).

#### 5. Exposure

Payroll or other basis of premium against which workers' compensation insurance rates are applied. The definition of Payroll shall be that found in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*.

#### 6. Experience Modification

The modification factor that is computed and published by the WCIRB in accordance with the Experience Rating Plan.

#### 7. Experience Period

The period of time that determines the experience used in experience rating. See Section III, Rule 2, of the Experience Rating Plan.

#### 8. Experience Rating

A rating procedure that utilizes past payroll and loss experience of the employer to forecast future losses by measuring an employer's loss experience against the loss experience of employers in the same classification to produce a prospective premium credit, debit, or unity modification.

#### 9. Experience Rating Plan

The *California Workers' Compensation Experience Rating Plan—1995*, approved by the Insurance Commissioner of the State of California, Title 10, California Code of Regulations, Section 2353.1.

#### 10. Indemnity Claim(s)

Compensable claims, other than medical only claims, incurred under a California workers' compensation insurance policy incepting within the rating period.

#### 11. Insolvent Insurer

An insurer that is subject to an order of liquidation issued by a court of competent jurisdiction.

## Section II — Definitions

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### 12. Medical Only Claim(s)

A claim that would be classified as a Medical Only Claim under the definition found in the Uniform Statistical Reporting Plan

### 13. Risk

All insured operations of any entity within California and, if two or more entities are combinable for experience rating purposes in accordance with Section IV, *Change in Status and Combination of Entities*, Rule 2, *Combination of Entities*, of the Experience Rating Plan, all operations of such entities within California, regardless of whether such operations or any part of them is insured by one or several insurers.

### 14. Standard Classification(s)

A classification of occupations, employments, industries, and businesses contained in the alphabetical listing of standard classifications located in Part 3, *Standard Classification System*, Section VII, *Standard Classifications*, of the Uniform Statistical Reporting Plan.

### 15. Uniform Statistical Reporting Plan

The *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, approved by the insurance commissioner of the State of California, Title 10, California Code of Regulations, Section 2318.6.

### 16. WCIRB

The Workers' Compensation Insurance Rating Bureau of California, a rating organization licensed by the California Department of Insurance and designated as the Insurance Commissioner's statistical agent in accordance with the provisions of Sections 11750 *et seq.* of the California Insurance Code.

## Section III — Eligibility and Rating Period

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### Section III — Eligibility and Rating Period

#### 1. Eligibility Requirements

A policyholder is eligible for this Plan with respect to coverage provided by Company as of the anniversary rating date of the risk that is covered, in whole or in part, if all the following conditions are met:

- a. The risk is not eligible for experience rating;
- b. One or more policies written by an insolvent insurer incepted during the rating period;
- c. The risk was previously subject to experience rating until such time as a policy written by an insolvent insurer incepted during the experience period; and
- d. At least \$150,000 is generated in total exposure in connection with all policies specified in Section III, Rule 3, of this Plan that are to be used in the computation of the Rating Adjustment Factor.

#### 2. Rating Period

The rating period shall be three (3) years, commencing four (4) years and nine (9) months prior and terminating one (1) year and nine (9) months prior to the risk's anniversary rating date.

#### Note

**Insurers adopting this advisory plan must choose only one of the two Rule 3 Alternatives indicated below before filing this Plan with the California Department of Insurance's Rate Filing Bureau. In addition, if an insurer chooses Alternative Two, it must also complete Appendix A by either adopting Option 1 or completing Option 2 by inserting the insurance company's own standards.**

[Rule 3 — Alternative One]

#### 3. Experience to be Used in Computing the Rating Adjustment Factor

The entire California workers' compensation insurance experience of a risk developed under each policy incepting within the rating period, provided that:

- a. the experience is under a policy written by an insurer that is not insolvent; or
- b. the experience is under a policy written by an insolvent insurer and Company reasonably determines that the experience to be used is a credible reflection of both:
  - (1) the exposure generated by the policy, and
  - (2) the indemnity claims incurred against the policy; and
- c. for both a. and b. above, the payroll and loss experience for the policy was in the possession of, and evaluated for use in computing the Rating Adjustment Factor by, Company within three months after the anniversary rating date.

Subject to the provisions of this Rule, the experience of any such policy shall be used, whether the operations covered by such policy are normal to the risk's business or otherwise. Only completed policy periods shall be used.

Subject to the other provisions of this plan, if the owners of a risk sell, transfer, convey, discontinue, self-insure, or otherwise dispose of all or part of the operations of the risk, all experience incurred prior to such action shall be used in determining Rating Adjustment Factors that may be

### Section III — Eligibility and Rating Period

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applied to any remaining operations and to any new operations insured by Company in which the owners of the risk own a one-half or greater interest.

**OR**

[Rule 3 — Alternative Two]

#### **3. Experience to be Used in Computing the Rating Adjustment Factor**

The entire California workers' compensation insurance experience of a risk developed under each policy incepting within the rating period, provided that:

- a. the experience is under a policy written by an insurer that is not insolvent; or
- b. the experience is under a policy written by an insolvent insurer and Company determines, pursuant to the standards enumerated in Appendix A, that the experience to be used is a credible reflection of both:
  - (1) the exposure generated by the policy, and
  - (2) the indemnity claims incurred against the policy; and
- c. for both a. and b. above, the payroll and loss experience for the policy was in the possession of, and evaluated for use in computing the Rating Adjustment Factor by, Company within three months after the anniversary rating date.

Subject to the provisions of this Rule, the experience of any such policy shall be used, whether the operations covered by such policy are normal to the risk's business or otherwise. Only completed policy periods shall be used.

Subject to the other provisions of this plan, if the owners of a risk sell, transfer, convey, discontinue, self-insure, or otherwise dispose of all or part of the operations of the risk, all experience incurred prior to such action shall be used in determining Rating Adjustment Factors that may be applied to any remaining operations and to any new operations insured by Company in which the owners of the risk own a one-half or greater interest.

## **Section IV — Application of Rating Adjustment Factor**

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### **Section IV — Application of Rating Adjustment Factor**

#### **1. General Application of Rating Adjustment Factor**

Unless otherwise specifically provided for herein, the Rating Adjustment Factor shall apply for the same period and to the same exposure as an experience modification would have applied if the risk had been eligible for experience rating except that:

- a. No Rating Adjustment Factor will apply unless computed and endorsed onto the policy within three months of the anniversary rating date.
- b. A corrected Rating Adjustment Factor shall not apply unless endorsed onto the policy prior to policy expiration.

Except as otherwise required under the rules of this Plan, Company may not apply more than one Rating Adjustment Factor to a risk at the same time.

#### **2. Corrections to Rating Adjustment Factors**

Rating Adjustment Factors computed pursuant to this Plan will be subject to correction only as a result of clerical error in the computation of the Rating Adjustment Factor discovered subsequent to endorsing the Rating Adjustment Factor onto the policy. In addition, if an experience modification applicable to the policy is published by the WCIRB in accordance with the provisions of the Experience Rating Plan, the experience modification will supersede the Rating Adjustment Factor during the period that the experience modification is applicable.

**Section V — Tabulation of Experience**

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**Section V — Tabulation of Experience****1. Data Used for Insolvent Insurer Rating Adjustment Factor**

The data used to compute a Rating Adjustment Factor is specified in Section III, Rule 3, of this Plan.

**2. Exposure**

The exposure generated by the policy for each standard classification, tabulated by policy period. For non-payroll exposures, the number of units of exposure shall be tabulated pursuant to Part 4, Section IV, Rule 4, of the Uniform Statistical Reporting Plan

**3. Claims**

The number of indemnity claims incurred by policy year by claim number.

Unless otherwise noted, an indemnity claim will be used as one claim in the computation of the Rating Adjustment Factor.

**4. Accidents Involving Two or More Persons**

Accidents involving indemnity claims made by two or more persons incurred against the same policy shall be considered a single claim.

**5. Non-Compensable Claims**

Where, in the opinion of Company, a claim included in the experience of a policy is a non-compensable claim, the claim shall not be used in the computation of the Rating Adjustment Factor. The definition of Non-Compensable Claim shall be that found in the Uniform Statistical Reporting Plan.

**6. Joint Coverage Claims**

Where, in the opinion of Company, a claim included in the experience of a policy is a joint coverage claim, the claim shall be counted as one-half of a claim for each policy to which the claim is allocated in computing the Rating Adjustment Factor. The definition of Joint Coverage Claim shall be that found in the Uniform Statistical Reporting Plan.

**7. Moral Responsibility**

No claim shall be excluded from the computation of a Rating Adjustment Factor on the grounds that the employer was not morally responsible for the accident that caused such claim.

## Section VI — Computation Procedure

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### Section VI — Computation Procedure

#### 1. Total Exposure

The Total Exposure is the total exposure by standard classification generated by the risk for the rating period. In determining the Total Exposure, the conversion factors found in Table 2 of this Plan shall be used to convert the exposure of non-payroll-based standard classifications.

#### 2. Expected Indemnity Claim Frequency Rates

The Expected Indemnity Claim Frequency Rates shown in Table 1 of this Plan reflect the number of indemnity claims per million dollars of total exposure per standard classification.

#### 3. Expected Number of Indemnity Claims

The Expected Number of Indemnity Claims for each standard classification for which the risk has exposure is derived as the product of the Expected Indemnity Claim Frequency Rate for the standard classification and the exposure for the standard classification. The Total Expected Number of Indemnity Claims for the risk is the sum of the Expected Number of Indemnity Claims for each standard classification in which the risk has exposure.

#### 4. Actual Number of Indemnity Claims

The Actual Number of Indemnity Claims is computed in accordance with Section VI, *Computation Procedure*, Rules 3 through 7, of this Plan.

#### 5. Indemnity Claim-Free Modification

The Indemnity Claim-Free Modification is shown in Table 2 of this Plan for various ranges of total exposure.

#### 6. Indemnity Claim Ratio

The Indemnity Claim Ratio is the ratio of the Actual Number of Indemnity Claims to the total Expected Number of Indemnity Claims.

#### 7. Indemnity Claim Ratio Adjustment Factor

The Indemnity Claim Ratio Adjustment Factor is shown in Table 2 of this Plan for various ranges of total exposure.

#### 8. Rating Adjustment Factor

The Rating Adjustment Factor is the sum of the Indemnity Claim-Free Modification and the product of the Indemnity Claim Ratio and the Indemnity Claim Ratio Adjustment Factor, rounded to two decimal places, subject to a maximum, and expressed as a percentage. Maximum Rating Adjustment Factors are shown in Table 2 of this Plan for risks with one single indemnity claim.

## Appendix A

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### Appendix A

#### Note

**Insurers choosing Rule 3, Alternative Two, must also complete this Appendix A by either adopting Option 1 or completing Option 2 by inserting the insurance company's own standards.**

#### Option 1

The standards used by Company to evaluate the experience identified in Section III, Rule 3b, of the Insolvent Insurer Rating Adjustment Plan are:

1. The loss experience is prepared by the liquidator or claims administrator for the insolvent insurer, in accordance with the requirements set forth in the Uniform Statistical Reporting Plan.
2. The exposure is audited payroll prepared by the insolvent insurer or the liquidator for the insolvent insurer in accordance with the requirements set forth in the Uniform Statistical Reporting Plan.

#### OR

#### Option 2

The standard(s) used by Company to evaluate the experience identified in Section III, Rule 3b, of the Insolvent Insurer Rating Adjustment Plan is/are:

1. **[An insurer adopting this Plan has the option of completing this section with the standards it intends to use in evaluating the experience identified in Section III, Rule 3b, of the Plan.]**

**Appendix A**

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**Table 1 — Expected Indemnity Claim Frequency Rates****Table 1 — Expected Indemnity Claim Frequency Rates  
(Per Million Dollars in Payroll)**

Expected											
Class	Frequency										
Code	Rate										
0005	0.692	2117	0.951	3085	1.043	3831	0.321	4665	0.752	5467	0.993
0016	1.182	2121	0.462	3099	0.400	3840	0.609	4683	0.585	5470	0.420
0034	0.883	2123	0.535	3110	0.586	4000	0.377	4691	0.230	5473	0.801
0035	0.566	2142	0.439	3131	0.466	4034	0.648	4692	0.234	5474	0.875
0036	1.275	2150	1.149	3146	0.412	4036	0.230	4717	0.394	5479	0.813
0038	1.445	2163	0.881	3152	0.297	4038	1.089	4720	0.415	5482	0.363
0040	0.741	2211	1.213	3165	0.402	4041	0.609	4740	0.096	5484	1.463
0041	0.701	2222	0.467	3169	0.536	4049	0.565	4771	0.178	5485	0.557
0042	0.903	2362	1.092	3175	0.533	4111	0.204	4828	0.359	5506	0.520
0044	0.831	2402	0.548	3178	0.288	4112	0.067	4829	0.230	5507	0.319
0045	0.677	2413	0.515	3179	0.421	4114	0.351	4831	0.575	5538	0.877
0050	0.826	2501	0.548	3180	0.661	4130	0.946	4922	0.000	5542	0.350
0079	0.492	2570	0.836	3220	0.241	4150	0.251	4983	0.545	5552	2.170
0096	0.712	2571	0.901	3241	0.438	4239	0.693	5020	0.427	5553	1.067
0106	1.619	2576	0.526	3257	0.707	4240	0.558	5027	1.242	5606	0.077
0171	0.962	2584	1.202	3339	0.669	4243	0.554	5028	0.607	5632	1.821
0172	0.771	2585	1.101	3365	0.799	4244	0.483	5029	0.805	5633	0.463
0251	0.549	2589	0.596	3372	0.600	4250	0.337	5040	0.644	5650	1.082
0400	0.274	2660	0.553	3383	0.399	4251	0.608	5057	0.423	5951	0.077
0401	0.858	2683	0.764	3400	0.562	4279	0.499	5059	1.027	6003	0.320
1122	0.547	2688	0.864	3401	0.629	4283	0.221	5102	0.739	6011	0.251
1123	2.539	2702	1.681	3501	0.508	4286	0.685	5107	0.830	6204	0.872
1124	0.000	2710	0.857	3507	0.614	4295	0.694	5108	1.466	6206	0.315
1320	0.119	2727	1.173	3560	0.406	4297	0.022	5128	0.144	6213	0.168
1322	0.220	2731	0.808	3568	0.215	4299	0.485	5140	0.229	6216	0.244
1330	0.738	2757	1.337	3569	0.380	4304	0.845	5146	0.701	6218	0.675
1438	0.651	2759	1.087	3570	0.477	4312	0.572	5160	0.158	6220	0.276
1452	0.208	2790	0.324	3572	0.109	4351	0.255	5183	0.817	6233	0.129
1463	0.313	2797	0.795	3573	0.119	4354	0.288	5184	0.214	6235	0.310
1624	0.812	2806	0.770	3574	0.300	4361	0.355	5185	0.827	6237	0.142
1699	0.255	2812	0.770	3577	0.150	4362	0.159	5186	0.214	6251	0.218
1701	0.470	2819	1.420	3612	0.402	4410	0.641	5187	0.391	6258	0.442
1710	0.467	2840	0.674	3620	0.663	4420	1.137	5190	0.548	6307	0.931
1741	0.570	2842	0.925	3632	0.383	4432	0.425	5191	0.204	6308	0.399
1803	0.948	2852	0.784	3634	0.446	4470	0.489	5192	0.720	6315	0.681
1925	1.207	2881	1.325	3643	0.352	4478	0.692	5195	0.875	6316	0.321
2002	0.907	2883	1.278	3647	0.524	4492	0.597	5201	1.012	6325	0.610
2003	0.737	2915	0.614	3651	0.293	4494	0.552	5205	0.407	6361	0.225
2014	0.643	2923	0.716	3681	0.119	4495	0.592	5212	0.892	6364	0.983
2030	0.567	3018	0.241	3682	0.142	4496	0.638	5213	0.445	6400	1.136
2063	0.503	3022	0.545	3683	0.519	4497	0.516	5214	0.547	6504	0.701
2081	0.868	3030	0.990	3719	0.139	4498	0.596	5222	0.407	6834	0.798
2095	1.036	3039	0.701	3724	0.480	4499	0.584	5225	0.508	7133	0.326
2102	0.854	3040	0.938	3726	0.406	4511	0.114	5348	0.726	7198	0.728
2107	0.792	3060	0.723	3805	0.098	4512	0.044	5403	1.351	7207	1.277
2108	0.827	3066	0.508	3808	0.440	4557	0.378	5432	0.495	7219	1.032
2109	0.861	3070	0.034	3815	0.504	4558	0.409	5436	0.881	7227	0.959
2111	0.638	3076	0.748	3821	0.912	4611	0.257	5443	0.842	7232	1.008
2113	1.338	3081	0.983	3828	0.516	4623	0.696	5446	0.904	7248	0.000
2116	0.574	3082	0.834	3830	0.171	4635	0.208	5447	0.345	7272	0.719

**Table 1 — Expected Indemnity Claim Frequency Rates****Table 1 — Expected Indemnity Claim Frequency Rates  
(Per Million Dollars in Payroll)**

(Continued)

Expected											
Class	Frequency										
Code	Rate										
7332	1.399	8017	0.446	8227	0.545	8800	0.362	9015	0.643	9420	0.937
7360	1.085	8018	0.731	8232	0.716	8801	0.108	9016	0.676	9422	0.998
7365	1.056	8019	0.218	8264	1.153	8803	0.019	9031	0.617	9424	0.901
7382	1.100	8021	1.227	8265	0.772	8804	0.489	9033	0.833	9426	1.142
7392	1.663	8028	0.626	8267	0.690	8806	0.882	9043	0.243	9501	0.675
7403	1.456	8031	1.243	8286	1.546	8807	0.037	9048	0.631	9507	0.385
7405	0.514	8032	0.796	8290	0.512	8808	0.108	9050	0.979	9516	0.539
7409	0.320	8039	0.533	8291	0.665	8810	0.044	9053	0.407	9519	0.858
7410	0.593	8041	1.108	8292	1.190	8813	0.070	9059	0.512	9521	0.748
7421	0.051	8042	0.419	8293	1.860	8818	0.067	9060	0.593	9522	0.855
7424	0.139	8046	0.528	8304	1.024	8820	0.036	9061	0.468	9529	0.589
7428	0.579	8057	0.766	8324	0.544	8821	0.226	9066	0.551	9549	0.807
7429	0.473	8059	0.616	8350	0.699	8822	0.084	9067	0.464	9552	1.458
7500	0.205	8060	0.324	8387	0.672	8823	0.938	9069	0.678	9586	0.335
7515	0.107	8061	0.509	8388	0.817	8827	0.672	9070	1.042	9610	0.189
7520	0.416	8062	0.162	8389	0.585	8829	0.582	9079	0.585	9620	0.243
7538	0.316	8063	0.417	8390	0.649	8830	0.372	9085	0.808		
7539	0.129	8064	0.447	8391	0.476	8831	0.419	9092	0.491		
7580	0.376	8065	0.448	8392	0.689	8834	0.129	9095	0.539		
7600	0.571	8066	0.256	8393	0.408	8838	0.211	9096	2.172		
7601	1.749	8070	0.296	8397	0.594	8839	0.119	9097	0.714		
7605	0.438	8071	0.249	8400	0.341	8840	0.054	9101	0.723		
7606	0.898	8078	0.478	8500	1.055	8846	0.137	9151	0.148		
7607	0.023	8102	0.277	8601	0.040	8847	1.427	9154	0.442		
7610	0.076	8103	0.676	8631	2.403	8850	0.419	9155	0.297		
7706	0.569	8106	0.687	8720	0.205	8851	0.739	9156	0.872		
7720	0.416	8107	0.400	8729	0.043	8852	0.418	9180	0.733		
7721	0.529	8110	0.259	8740	0.203	8859	0.011	9181	1.133		
7855	0.247	8111	0.471	8741	0.025	8868	0.137	9182	0.276		
8001	0.701	8113	0.000	8742	0.049	8875	0.221	9184	1.552		
8004	0.661	8116	0.689	8743	0.013	9007	0.472	9185	4.893		
8006	0.828	8117	0.903	8745	1.700	9008	1.226	9220	1.033		
8008	0.416	8204	0.789	8748	0.134	9009	0.438	9402	0.453		
8013	0.186	8209	1.038	8749	0.057	9010	0.608	9403	0.733		
8015	0.692	8215	0.638	8755	0.089	9011	0.590	9410	0.225		

**Table 2 — Rating Values****Table 2 — Rating Values**

Exposure Group	Indemnity Claim Free Mod	Indemnity Claim Ratio Factor	Maximum Rating		Exposure Group	Indemnity Claim Free Mod	Indemnity Claim Ratio Factor	Maximum Rating	
			Adjustment Factor	One Indemnity Claim				Adjustment Factor	One Indemnity Claim
150,000	353,266	0.89	0.11	1.14	7,695,984	8,449,178	0.55	0.45	0.80
353,267	387,839	0.88	0.12	1.13	8,449,179	9,276,088	0.54	0.46	0.79
387,840	425,797	0.87	0.13	1.12	9,276,089	10,183,926	0.53	0.47	0.78
425,798	467,469	0.86	0.14	1.11	10,183,927	11,180,613	0.52	0.48	0.77
467,470	513,219	0.85	0.15	1.10	11,180,614	12,274,844	0.51	0.49	0.76
513,220	563,447	0.84	0.16	1.09	12,274,845	13,476,166	0.50	0.50	0.75
563,448	618,591	0.83	0.17	1.08	13,476,167	14,795,060	0.49	0.51	0.74
618,592	679,132	0.82	0.18	1.07	14,795,061	16,243,032	0.48	0.52	0.73
679,133	745,598	0.81	0.19	1.06	16,243,033	17,832,715	0.47	0.53	0.72
745,599	818,568	0.80	0.20	1.05	17,832,716	19,577,978	0.46	0.54	0.71
818,569	898,681	0.79	0.21	1.04	19,577,979	21,494,048	0.45	0.55	0.70
898,682	986,633	0.78	0.22	1.03	21,494,049	23,597,641	0.44	0.56	0.69
986,634	1,083,194	0.77	0.23	1.02	23,597,642	25,907,110	0.43	0.57	0.68
1,083,195	1,189,204	0.76	0.24	1.01	25,907,111	28,442,603	0.42	0.58	0.67
1,189,205	1,305,590	0.75	0.25	1.00	28,442,604	31,226,241	0.41	0.59	0.66
1,305,591	1,433,367	0.74	0.26	0.99	31,226,242	34,282,310	0.40	0.60	0.65
1,433,368	1,573,648	0.73	0.27	0.98	34,282,311	37,637,473	0.39	0.61	0.64
1,573,649	1,727,659	0.72	0.28	0.97	37,637,474	41,321,000	0.38	0.62	0.63
1,727,660	1,896,743	0.71	0.29	0.96	41,321,001	45,365,029	0.37	0.63	0.62
1,896,744	2,082,374	0.70	0.30	0.95	45,365,030	49,804,842	0.36	0.64	0.61
2,082,375	2,286,174	0.69	0.31	0.94	49,804,843	54,679,174	0.35	0.65	0.60
2,286,175	2,509,918	0.68	0.32	0.93	54,679,175	60,030,549	0.34	0.66	0.59
2,509,919	2,755,561	0.67	0.33	0.92	60,030,550	65,905,656	0.33	0.67	0.58
2,755,562	3,025,244	0.66	0.34	0.91	65,905,657	72,355,751	0.32	0.68	0.57
3,025,245	3,321,320	0.65	0.35	0.90	72,355,752	79,437,109	0.31	0.69	0.56
3,321,321	3,646,373	0.64	0.36	0.89	79,437,110	87,211,509	0.30	0.70	0.55
3,646,374	4,003,239	0.63	0.37	0.88	87,211,510	95,746,779	0.29	0.71	0.54
4,003,240	4,395,030	0.62	0.38	0.87	95,746,780	105,117,384	0.28	0.72	0.53
4,395,031	4,825,166	0.61	0.39	0.86	105,117,385	115,405,078	0.27	0.73	0.52
4,825,167	5,297,398	0.60	0.40	0.85	115,405,079	126,699,613	0.26	0.74	0.51
5,297,399	5,815,847	0.59	0.41	0.84	126,699,614	139,099,530	0.25	0.75	0.50
5,815,848	6,385,036	0.58	0.42	0.83	139,099,531	152,713,009	0.24	0.76	0.49
6,385,037	7,009,931	0.57	0.43	0.82	152,713,010	and Over	0.23	0.77	0.48
7,009,932	7,695,983	0.56	0.44	0.81					

**Non-Payroll-Based Standard Classifications:**

The following standard classifications use person-years or number of races as a measure of exposure and, therefore, need to be converted to payroll for the purpose of determining the total exposure and an exposure group. Please contact the WCIRB at [actuarial@wcirb.com](mailto:actuarial@wcirb.com) for assistance in converting per-capita exposures to a payroll-equivalent basis.

<u>Code</u>	<u>Description</u>	<u>Exposure Base</u>
7707	Fire Fighters - volunteers	Person-Years
7722	Policemen, Sheriffs - volunteers	Person-Years
8278	Racing Stables - jockeys	Number of Races

**Table 2 — Rating Values**

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### Insolvent Insurer Rating Adjustment Form

### Insolvent Insurer Rating Adjustment Form

#### INSOLVENT INSURER RATING ADJUSTMENT FORM

Name: \_\_\_\_\_ Bureau Number: \_\_\_\_\_  
 Address: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
 \_\_\_\_\_ Insurer: \_\_\_\_\_  
 \_\_\_\_\_ Policy Number: \_\_\_\_\_

#### EXPECTED INDEMNITY CLAIM FREQUENCY

Class Code	Exposure				(a) Total Exposure	(b) Expected Indemnity Claim Frequency Rate*	(c) Expected Number of Indemnity Claims [ (a) / \$1,000,000 ] x (b)
	Year	Year	Year	Year			
					(d)		(e)

\* from Table 1 - Expected Indemnity Claim Frequency Rates

#### ACTUAL INDEMNITY CLAIM COUNTS

Year	Indemnity Claim Number	Note	Year	Indemnity Claim Number	Note	Year	Indemnity Claim Number	Note

Note: "C": Identifies a claim in a catastrophe. All claims in the same catastrophe count as only one claim.  
 "G": Identifies a listing of grouped claims. Each indemnity claim within a group counts as one claim.  
 "J": Identifies a joint coverage claim, which is counted as a half-claim.

Actual Number of Indemnity Claims (f)

#### RATING PROCEDURE

Indemnity Claim-Free Modification (g)**	Indemnity Claim Ratio (h) (f) / (e)	Indemnity Claim Ratio Adjustment Factor(i)**	Rating Adjustment Factor (g) + [ (h) x (i) ]
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\*\* from Table 2 - Rating Values

The Rating Adjustment Factor is subject to a maximum for risks with a single claim. See Table 2.

**Insolvent Insurer Rating Adjustment Form**

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**INSOLVENT INSURER RATING ADJUSTMENT PLAN ENDORSEMENT-CALIFORNIA**

The base premium with respect to the insurance provided by this policy by reason of the designation of California in Item 3 of the Information Page is subject to adjustment by the Insolvent Insurer Rating Adjustment Factor (Rating Adjustment Factor) computed in accordance with our Insolvent Insurer Rating Adjustment Plan authorized for use in California. A Rating Adjustment Factor of \_\_\_\_\_% will be effective on \_\_\_\_\_.

A Rating Adjustment Factor applies to this policy because:

- (1) the Workers' Compensation Insurance Rating Bureau (WCIRB) determined that (a) you are not eligible for experience rating, (b) one or more policies written by an insolvent insurer incepted during the rating period, and (c) you were previously subject to experience rating until such time as a policy written by an insolvent insurer incepted during the experience period; and
- (2) you met the eligibility requirements of our Insolvent Insurer Rating Adjustment Plan.

However, if it is determined that you are eligible for experience rating in accordance with the California Workers' Compensation Experience Rating Plan-1995, and an experience modification applicable to this policy is published by the WCIRB, the experience modification will supercede the Rating Adjustment Factor during the period that the experience modification is applicable.

**NOTE: YOUR POLICY PREMIUM MAY BE INCREASED OR DECREASED IF THE WCIRB ISSUES AN EXPERIENCE MODIFICATION APPLICABLE TO THIS POLICY**

**Note:**

This endorsement may be used to modify the annual premium based on an Insolvent Insurer Rating Adjustment Factor computed by the insurer in accordance with its Insolvent Insurer Rating Adjustment Plan filed with the California Department of Insurance. If an experience modification applicable to this policy is published by the Workers' Compensation Insurance Rating Bureau, the experience modification will supercede the Rating Adjustment Factor during the period that the experience modification is applicable.

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 Insured

Policy No. Insurance Company

Endorsement No.

Countersigned By \_\_\_\_\_





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Objective.Trusted.Integral.

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