

May 5, 2016

**ALL ASSOCIATION MEMBERS**

Circular Letter No. 16-1688

**RE: NCCI Item B-1429—Establishment of Audit Noncompliance Charge**

The Minnesota Department of Commerce has approved the above filing to become effective at 12:01 a.m., January 1, 2017, for new and renewal business.

This item establishes an Audit Noncompliance Charge (ANC) rule, endorsement, and statistical code to enable a carrier to apply an ANC to employers that do not allow the carrier to examine and audit its records. The following Minnesota manuals are impacted by this item:

- ***Minnesota Basic Manual***
- ***Minnesota Statistical Plan Manual***
- ***Minnesota Forms Manual***

The carrier's authority to request records and conduct audits is contained in two sections of the Workers Compensation and Employers Liability Insurance Policy (Policy) (WC 00 00 00 C):

- Part Five — Premium, Section F. (Records) provides that the employer must keep records of information necessary to compute premium and provide those records to the carrier when requested.
- Part Five — Premium, Section G. (Audit) provides that the carrier may examine and audit all records related to a policy. This activity may occur during the policy period and within three years after policy expiration. This section also indicates that information developed by the audit process is used to determine final premium.

***Minnesota Basic Manual*** Rule 3-A-13—Final Earned Premium states, in part, that:

- The carrier has the right to calculate earned premium based on an examination of original payroll records and accounting records of the employer.
- Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of on estimated payroll or other premium basis.

When an employer does not allow the carrier to examine and audit its records, the carrier is unable to properly determine the final earned premium. Current rules do not address consequences that result when an employer does not comply with the carrier's request(s) to obtain records at final audit.

To ensure a more uniform approach to employers that do not allow the carrier to examine and audit their records, MWCIA proposes to adopt NCCI Item B-1429 rule, endorsement, and statistical code to establish an ANC. This national approach, which would apply to both the voluntary and assigned risk markets, includes the following features:

- The Audit Noncompliance Charge endorsement is **MANDATORY** on all policies in Minnesota.
- A requirement that the carrier make two attempts to obtain the audit information prior to applying the ANC.
- The ANC would equal up to two times the estimated annual premium based on the carrier's underwriting judgment.
- The ANC is considered premium and is not part of standard premium. It would be applied after standard premium.
- The ANC must be reported to a designated statistical code as defined in **Minnesota Statistical Plan Manual**.
- For assigned risk policies, if an employer is noncompliant with an assigned risk audit, and pays the ANC, that employer is ineligible for assigned risk coverage until the employer allows the audit to be performed and/or provides the required records.
- For an employer that has paid the ANC, but later allows an audit to be performed or provides the required records to the carrier, the ANC would be refunded to the employer, or applied to any outstanding balance on the policy. In the assigned risk market, the employer would then be eligible for coverage if no additional premiums are due.

Exhibit I illustrates all necessary changes to the **Minnesota Basic Manual**.

Exhibit II, illustrates all necessary changes to the **Minnesota Statistical Plan Manual**.

Exhibits III and IIIA illustrate all necessary changes to the **Minnesota Forms Manual**.

Please note, NCCI's Exhibits 4- 8 are N/A in Minnesota. As in past filings, strikethroughs indicate deleted text and underlining indicates new or added text. A copy of National Council's original filing memorandum is also included.

Please direct any questions you may have concerning this item to MWCIA's Underwriting Department at (952) 897-1737, Option 1, or email to [underwriting@mwcia.org](mailto:underwriting@mwcia.org).

## **A NOTICE TO MEMBERSHIP:**

MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter regarding changes to the **Minnesota Basic Manual** and the **Minnesota Unit Statistical Plan Manual** are required to be independently filed with the Department.

Pursuant to Minnesota Administrative Rule Part 2705.3200, the Manual forms and/or endorsements included in this filing do **not** require independent filing by our members.

## Exhibit I

### Minnesota Basic Manual

#### Rules

**Effective January 1, 2017**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	COMMENTS
<p><b>RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS</b></p> <p><b>A. EXPLANATION AND APPLICATION</b></p> <p><b>13. Final Earned Premium</b>  Final Earned Premium is the total premium earned during the policy <del>term</del>. It is calculated using actual payrolls multiplied by the carrier rate for each classification. Final earned premium includes the application of premium elements applicable to the <del>insured</del>.  Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of on estimated payroll or other premium basis.  Determination of final earned premium is governed by the rules and classifications <del>in this manual</del>, subject to modification by applicable rating plans and the rates filed by each carrier and approved for use in Minnesota by the Department of Commerce for use at the inception of the policy period.  The <del>insurance</del> carrier has the right to calculate earned premium based on an examination of <del>original payroll records and accounting records of the insured</del>.  Audited information must coincide with the effective and expiration dates of the policy. Reasonable deviations from this standard that do not materially affect the earned premium are permitted to coordinate the audit with the first of the nearest month.  Refer to the <b>Minnesota User's Guide</b> for an example.</p>	<p><b>RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS</b></p> <p><b>A. EXPLANATION AND APPLICATION</b></p> <p><b>13. Final Earned Premium</b>  <b><u>a. Determination</u></b>  (1) Final <u>earned</u> premium is the total premium earned during the policy <u>period</u>. It is calculated using actual payrolls multiplied by the carrier rate for each classification. Final earned premium includes the application of premium elements applicable to the <u>employer</u>.  (2) Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of on estimated payroll or other premium basis.  (3) Determination of final earned premium is governed by the <u>approved</u> rules, classifications, and rates, subject to modification by applicable rating plans.  (4) The carrier has the right to calculate <u>final</u> earned premium based on an examination <u>and audit</u> of <u>all</u> records <u>related to the policy</u>.  (5) Audited information must coincide with the effective and expiration dates of the policy. Reasonable deviations from this standard that do not affect the earned premium are permitted to coordinate the audit with the first of the nearest month.  Refer to the <b>Minnesota User's Guide</b> for an example.</p>	

## Exhibit I

### Minnesota Basic Manual

#### Rules

**Effective January 1, 2017**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	COMMENTS
None	<p><b><u>b. Audit Noncompliance Charge</u></b></p> <p><u>(1) If the employer does not comply with Part Five—Premium, Section G. (Audit) of the policy, the employer will be considered noncompliant with the policy terms and conditions. When this occurs, the carrier may apply an Audit Noncompliance Charge (ANC) subject to the conditions in this rule. The ANC would equal up to two times the estimated annual premium based on the carrier's underwriting judgment.</u></p> <p><u>(2) On a multistate policy, the ANC applies only to the exposure in the states where an employer is noncompliant with an audit and where this ANC rule is approved for use.</u></p> <p><u>(3) The ANC is a premium charge and is applied in accordance with the applicable state premium algorithm. The ANC is not part of standard premium.</u></p> <p><u>(4) The application of the ANC is subject to the following conditions:</u></p> <p><u>(a) Carriers must comply with all applicable state laws and/or regulations related to audits of workers compensation insurance policies.</u></p> <p><u>(b) The Audit Noncompliance Charge Endorsement and/or applicable state-specific endorsement must be attached to the policy at inception of the policy term being audited.</u></p> <p><u>(c) The carrier must make two attempts to obtain the audit information and/or complete the audit. At each attempt, the carrier must notify the employer regarding the specific, required records and the</u></p>	

## Exhibit I

### *Minnesota Basic Manual*

#### Rules

**Effective January 1, 2017**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	COMMENTS
None	<p><u>amount of the ANC to be applied if the employer continues to refuse to comply with the audit.</u></p> <p><u>(d) The carrier must adequately document the audit file regarding the above attempts to obtain the required audit information.</u></p> <p><u>(e) When a carrier applies an ANC to the policy, and cancellation for audit noncompliance is permissible under state law, the carrier may cancel the policy and must issue a cancellation notice in accordance with applicable state laws and/or regulations and <b>Minnesota's Basic Manual</b> rules.</u></p> <p><u>(5) This ANC rule applies to mail/email, telephone, computer (remote access), and physical audits, unless otherwise provided by state law.</u></p> <p><u>(6) The ANC may be applied to guaranteed cost policies as well as retrospectively rated policies.</u></p> <p><u>(7) The scenarios listed below may occur and are treated as follows:</u></p>	

## Exhibit I

### Minnesota Basic Manual

#### Rules

**Effective January 1, 2017**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY		COMMENTS
None	<u>If an ANC is applied and the employer...</u>	<u>Then the carrier...</u>	
	Pays the ANC and later allows the audit	<ul style="list-style-type: none"><li>Performs the final audit and determines the final policy premium based on the results of the audit; and</li><li>Refunds the ANC to the employer, or applies the ANC amount to any outstanding balance on the policy</li></ul>	
	Does <b>not</b> pay the ANC but later allows the audit	Performs the final audit and determines the final policy premium based on the results of the audit	
	Pays the ANC but does <b>not</b> later allow the audit	Does not change the previously reported:	
	Does <b>not</b> pay the ANC and does <b>not</b> later allow the audit	<ul style="list-style-type: none"><li>Unit statistical data</li><li>Noncompliance transactions</li></ul>	
(8) Reinstatements of cancelled policies must be in accordance with all applicable state laws and/or regulations and <b><i>Minnesota's Basic Manual</i></b> rules.			
(9) The ANC must be reported, including applicable corrections, in accordance with <b><i>Minnesota's Statistical</i></b>			

Exhibit I

*Minnesota Basic Manual*

Rules

**Effective January 1, 2017**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	COMMENTS
None	<u><b>Plan Part 3.8 and Part 3.8.E.</b> Assigned carriers must also comply with Minnesota's noncompliance and compliance reporting for assigned risk policies.</u> <u>(10) For assigned risk policies, if an assigned carrier has applied an ANC, the employer will be considered noncompliant with the audit and will remain ineligible for assigned risk coverage until the employer allows the audit to be performed and/or provides the required records. This applies even if the employer has paid the ANC.</u>	

## Exhibit II

### Minnesota Statistical Plan Manual

**Effective January 1, 2017**

Current Phraseology	Proposed Phraseology
<p><b>PART 3 – REPORTING INSTRUCTIONS – EXPOSURE AND PREMIUM</b></p> <p><b>8. Exposure Amount</b></p> <p>Report the amount that represents the basis for determining premium on a per classification level. Exposures are required for all classification codes. The exposure reported shall be the audited exposure corresponding to the charged premium amount. When a final audit has not been made at the time of filing a USR, the Policy Condition Indicator for Estimated Exposure should be reported as “Y” and without further request must be replaced by a correction report as soon as audited payrolls are available.</p> <p>For split unit reports, payrolls must be appropriately separated whenever there is a change in experience modification.</p> <p>For a number of classifications, the <i>Minnesota Basic Manual</i> provides bases of exposure other than payroll. The following method of reporting shall be used in such instances:</p> <p><b>A. Per Capita Classifications.</b> Exposure on per capita classifications shall be reported in the Exposure Amount field with the number of persons. An employee covered under a per capita classification for a period of one year shall be reported as an exposure of 10 (there is an assumed decimal between the last two digits). Similarly, if coverage is terminated before the expiration of a year, the exposure reported per person shall be that decimal part of a year, expressed to the nearest tenth, for which the coverage was in effect. Per capita exposure shall not be included in the exposure totals.</p> <p><b>B. Aircraft Operation—Passenger Seat Surcharge.</b> For policies effective January 1, 2015 and after, Aircraft Operations—Passenger Seat Surcharge no longer applies because the</p>	<p><b>PART 3 – REPORTING INSTRUCTIONS – EXPOSURE AND PREMIUM</b></p> <p><b>8. Exposure Amount</b></p> <p>Report the amount that represents the basis for determining premium on a per classification level. Exposures are required for all classification codes. The exposure reported shall be the audited exposure corresponding to the charged premium amount. When a final audit has not been made at the time of filing a USR, the Policy Condition Indicator for Estimated Exposure should be reported as “Y” and without further request must be replaced by a correction report as soon as audited payrolls are available. <u>When the exposure reported on the 1<sup>st</sup> report includes Statistical Code 9757—Audit Noncompliance Charge, report the Estimated Exposure Code as an “N” in the applicable Policy Condition Indicator field. If subsequent to reporting Statistical Code 9757, and the final policy premium is determined in accordance with <i>Minnesota Basic Manual Rule 3.A.13</i>, the statistical code and its accompanying charge must be removed. Additionally, the Estimated Exposure Policy Condition Indicator must continue to be reported as “N,” and the exposure and premium must reflect the final audit. Refer to Part 6, 2. and 3. for instructions on submitting correction reports.</u></p> <p>For split unit reports, payrolls must be appropriately separated whenever there is a change in experience modification.</p> <p>For a number of classifications, the <i>Minnesota Basic Manual</i> provides bases of exposure other than payroll. The following method of reporting shall be used in such instances:</p> <p><b>A. Per Capita Classifications.</b> Exposure on per capita classifications shall be reported in the Exposure Amount field with the number of persons. An employee covered under a per</p>



## Exhibit II

### Minnesota Statistical Plan Manual

**Effective January 1, 2017**

<p>separate surcharge and Statistical Code 9108 for nonflying crew employees were discontinued.</p> <p>If applicable, report all exposure and any losses for members of a flying crew to Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew.</p> <p>For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.</p> <p>For policies effective prior to January 1, 2015, report the number of seats as 10 per seat.</p> <p><b>C. Volunteer Firefighters.</b> Report the population to the nearest hundred as determined in accordance with the procedure for Classification Code 7708 in the Classification pages of the <i>Minnesota Basic Manual</i>. For example, a population of 425 would be reported as 400 and 450 would be reported as 500. The total exposure for the classification shall not be included in the exposure totals. The premium and losses shall be included in the appropriate totals.</p> <p><b>D. Increased Limits.</b> Report any additional premium for increased limits of liability to the appropriate statistical code. When there are increased limits of liability that do not correspond to the limits of a specific statistical code displayed in Part 7, Exposure Information Codes, 3. Statistical Codes, Item 2, one of the following statistical codes must be used based on the described condition:</p> <p><b>1. Workers' Compensation and Employers' Liability</b></p> <p>a. When the claim limits or policy limits are less than \$1,000,000/1,000,000/10,000,000 and none are greater than these limits, use Statistical Code 9837—Increased Limits—All Other Limits of Liability.</p>	<p>capita classification for a period of one year shall be reported as an exposure of 10 (there is an assumed decimal between the last two digits). Similarly, if coverage is terminated before the expiration of a year, the exposure reported per person shall be that decimal part of a year, expressed to the nearest tenth, for which the coverage was in effect. Per capita exposure shall not be included in the exposure totals.</p> <p><b>B. Aircraft Operation—Passenger Seat Surcharge.</b> For policies effective January 1, 2015 and after, Aircraft Operations—Passenger Seat Surcharge no longer applies because the separate surcharge and Statistical Code 9108 for nonflying crew employees were discontinued.</p> <p>If applicable, report all exposure and any losses for members of a flying crew to Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew.</p> <p>For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.</p> <p>For policies effective prior to January 1, 2015, report the number of seats as 10 per seat.</p> <p><b>C. Volunteer Firefighters.</b> Report the population to the nearest hundred as determined in accordance with the procedure for Classification Code 7708 in the Classification pages of the <i>Minnesota Basic Manual</i>. For example, a population of 425 would be reported as 400 and 450 would be reported as 500. The total exposure for the classification shall not be included in the exposure totals. The premium and losses shall be included in the appropriate totals.</p> <p><b>D. Increased Limits.</b> Report any additional premium for increased limits of liability to the appropriate statistical code. When there are increased limits of liability that do not</p>
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## Exhibit II

### Minnesota Statistical Plan Manual

**Effective January 1, 2017**

<p>b. When the claim limits or policy limits are greater than or equal to 1,000,000/1,000,000/10,000,000 use Statistical Code 9816—Increased Limits With Workers' Compensation Coverage over \$1,000,000/1,000,000/10,000,000.</p> <p><b>2. Employers' Liability Only</b></p> <p>a. When the claim limits or policy limits are less than \$1,000,000/1,000,000/10,000,000 and none are greater than these limits, use Statistical Code 9837—Increased Limits—All Other Limits of Liability.</p> <p>b. When the claim limits or policy limits are greater than or equal to 1,000,000/1,000,000/10,000,000 use Statistical Code 9836—Increased Limits Without Workers' Compensation Coverage over \$1,000,000/1,000,000/10,000,000.</p> <p><b>3. Admiralty or FELA</b></p> <p>a. When the accident limits are over \$500,000, use Statistical Code 9840—Increased Limits for Admiralty or FELA Risks over \$500,000.</p>	<p>correspond to the limits of a specific statistical code displayed in Part 7, Exposure Information Codes, 3. Statistical Codes, Item 2, one of the following statistical codes must be used based on the described condition:</p> <p><b>1. Workers' Compensation and Employers' Liability</b></p> <p>a. When the claim limits or policy limits are less than \$1,000,000/1,000,000/10,000,000 and none are greater than these limits, use Statistical Code 9837—Increased Limits—All Other Limits of Liability.</p> <p>b. When the claim limits or policy limits are greater than or equal to 1,000,000/1,000,000/10,000,000 use Statistical Code 9816—Increased Limits With Workers' Compensation Coverage over \$1,000,000/1,000,000/10,000,000.</p> <p><b>2. Employers' Liability Only</b></p> <p>a. When the claim limits or policy limits are less than \$1,000,000/1,000,000/10,000,000 and none are greater than these limits, use Statistical Code 9837—Increased Limits—All Other Limits of Liability.</p> <p>b. When the claim limits or policy limits are greater than or equal to 1,000,000/1,000,000/10,000,000 use Statistical Code 9836—Increased Limits Without Workers' Compensation Coverage over \$1,000,000/1,000,000/10,000,000.</p> <p><b>3. Admiralty or FELA</b></p> <p>a. When the accident limits are over \$500,000, use Statistical Code 9840—Increased Limits for Admiralty or FELA Risks over \$500,000.</p>
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## Exhibit II

### Minnesota Statistical Plan Manual

**Effective January 1, 2017**

	<p><b><u>E. Audit Compliance Charge.</u></b> Report the Audit Noncompliance Charge to Statistical Code 9757. Refer to the <i><b>Minnesota Basic Manual Rule 3.A.13</b></i> for the method of determining the Audit Noncompliance Charge. Refer to Part 3, 8. For reporting the Estimated Audit Code.</p> <p>If subsequent to reporting Statistical Code 9757, and the final policy premium is determined in accordance with <i><b>Minnesota Basic Manual Rule 3.A.13</b></i>, the statistical code and its accompanying charge must be removed. Additionally, the Estimated Exposure Policy Condition Indicator must continue to be reported as “N,” and the exposure and premium must reflect the final audit. Refer to Part 6, 2. and 3. for instructions on submitting correction reports.</p>																						
<p><b>PART 7 – CODING VALUES AND STATISTICAL CODES</b></p> <p><b>Exposure Information Codes</b></p> <p><b>C. Premium Not Included in Standard Premium</b></p> <table> <tr> <td><b>1. Expense Constant</b></td><td>Code 0900</td></tr> <tr> <td><b>2. Premium Discount</b></td><td></td></tr> <tr> <td>    Stock</td><td>Code 0063</td></tr> <tr> <td>    Non-Stock</td><td>Code 0064</td></tr> <tr> <td><b>3. Terrorism</b></td><td>Code 9740</td></tr> </table>	<b>1. Expense Constant</b>	Code 0900	<b>2. Premium Discount</b>		Stock	Code 0063	Non-Stock	Code 0064	<b>3. Terrorism</b>	Code 9740	<p><b>PART 7 – CODING VALUES AND STATISTICAL CODES</b></p> <p><b>Exposure Information Codes</b></p> <p><b>C. Premium Not Included in Standard Premium</b></p> <table> <tr> <td><b>1. Expense Constant</b></td><td>Code 0900</td></tr> <tr> <td><b>2. Premium Discount</b></td><td></td></tr> <tr> <td>    Stock</td><td>Code 0063</td></tr> <tr> <td>    Non-Stock</td><td>Code 0064</td></tr> <tr> <td><b>3. Terrorism</b></td><td>Code 9740</td></tr> <tr> <td><b><u>4. Audit Noncompliance Charge</u></b></td><td><u>Code 9757</u></td></tr> </table>	<b>1. Expense Constant</b>	Code 0900	<b>2. Premium Discount</b>		Stock	Code 0063	Non-Stock	Code 0064	<b>3. Terrorism</b>	Code 9740	<b><u>4. Audit Noncompliance Charge</u></b>	<u>Code 9757</u>
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**AUDIT NONCOMPLIANCE CHARGE ENDORSEMENT**

Part Five—Premium, Section G. (Audit) of the Workers Compensation and Employers Liability Insurance Policy is revised by adding the following:

If you do not allow us to examine and audit all of your records that relate to this policy, and/or do not provide audit information as requested, we may apply an Audit Noncompliance Charge. The method for determining the Audit Noncompliance Charge by state, where applicable, is shown in the Schedule below.

If you allow us to examine and audit all of your records after we have applied an Audit Noncompliance Charge, we will revise your premium in accordance with our manuals and Part 5—Premium, E. (Final Premium) of this policy.

Failure to cooperate with this policy provision may result in the cancellation of your insurance coverage, as specified under the policy.

**Note:**

For coverage under state-approved workers compensation assigned risk plans, failure to cooperate with this policy provision may affect your eligibility for coverage.

**Schedule**

<b>State(s)</b>	<b>Basis of Audit Noncompliance Charge</b>	<b>Maximum Audit Noncompliance Charge Multiplier</b>
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This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

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

Endorsement Effective  
Insured

Policy No.

Endorsement No.  
Premium

Insurance Company

Countersigned by \_\_\_\_\_

## INDEX

## MINNESOTA FORMS MANUAL

The following forms and endorsements in this Minnesota Forms Manual have been approved by the Minnesota Commerce Department and are available for use in Minnesota.

- Introduction
- Workers' Compensation and Employers Liability Insurance Policy Rules
- WC 00 00 00 C Workers Compensation and Employers Liability Insurance Policy
- WC 00 01 01 A Defense Base Act Coverage Endorsement
- WC 00 01 04 A Federal Employers' Liability Act Coverage Endorsement
- WC 00 01 06 A Longshore and Harbor Workers' Compensation Act Coverage Endt
- WC 00 01 08 A Nonappropriated Fund Instrumentalities Act Coverage Endorsement
- WC 00 01 09 C Outer Continental Shelf Lands Act Coverage Endorsement
- WC 00 01 11 Migrant and Season Agricultural Worker Protection Act Coverage Endorsement
- WC 00 02 01 B Maritime Coverage Endorsement
- WC 00 02 03 Voluntary Compensation Maritime Coverage Endorsement
- WC 00 02 04 Limited Maritime Coverage Endorsement
- WC 00 03 01 A Alternate Employer Endorsement
- WC 00 03 02 Designated Workplaces Exclusion Endorsement
- WC 00 03 03 C Employers Liability Coverage Endorsement
- WC 00 03 04 Insurance Company as Insured Endorsement
- WC 00 03 05 Joint Venture as Insured Endorsement
- WC 00 03 08 Partners, Officers and Others Exclusion Endorsement
- WC 00 03 09 B Rural Utilities Service Endorsement
- WC 00 03 10 Sole Proprietors, Partners, Officers and Others Coverage Endorsement
- WC 00 03 11 A Voluntary Compensation and Employers Liability Coverage Endt.
- WC 00 03 13 Waiver of Our Right to Recover from Others Endorsement
- WC 00 04 03 Experience Rating Modification Factor Endorsement
- WC 00 04 05 Policy Period Endorsement
- WC 00 04 06 A Premium Discount Endorsement
- WC 00 04 09 Premium Determination Endorsement— Former Self Insurers 1
- WC 00 04 10 Premium Determination Endorsement— Former Self Insurers 2

- WC 00 04 12 Contingent Experience Rating Modification Factor Endorsement
- WC 00 04 14 Notification of Change in Ownership Endorsement
- WC 00 04 19 Premium Due Date Endorsement
- WC 00 04 22 B Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement
- WC 00 04 24 Audit Noncompliance Charge Endorsement
- WC 00 05 03 C Retrospective Rating Plan Premium Endorsement— One Year Plan
- WC 00 05 04 C Retrospective Rating Plan Premium Endorsement— Three Year Plan
- WC 00 05 05 C Retrospective Rating Plan Premium Endorsement— Long-term Wrap- Up Construction Project
- WC 00 05 08 Retrospective Rating Plan Premium Endorsement Aviation Exclusion
- WC 00 05 09 A Retrospective Rating Plan Premium Endorsement Changes
- WC 00 05 10 B Retrospective Rating Plan Premium Endorsement Non- Ratable Catastrophe Element or Surcharge
- WC 00 05 11 Retrospective Rating Plan Premium Endorsement Short Form
- WC 00 05 12 C Retrospective Rating Plan Premium Endorsement One Year Plan— Multiple Lines
- WC 00 05 13 C Retrospective Rating Plan Premium Endorsement Three Year Plan— Multiple Lines
- WC 00 05 14 C Retrospective Rating Plan Premium Endorsement Long- Term Wrap-Up Construction Project — Multiple Lines
- WC 00 05 15 A Retrospective Rating Plan Premium Endorsement Flexibility Options
- WC 00 05 16 Retrospective Rating Plan Premium Endorsement— Large Risk Alternative Rating Option (LRARO)
- WC 00 06 03 Benefits Deductible Endorsement
- WC 89 06 09 C Policy Termination/ Cancellation/ Reinstatement Notice
- WC 22 00 00 A Minnesota Amendatory Endorsement
- WC 22 00 01 Information Page
- WC 22 03 01 Minnesota Compliance with Applicable Trade Sanction Laws
- WC 22 03 02 Minnesota Independent Contractors Coverage Endorsement
- WC 22 03 03 Minnesota Third Degree of Kindred Family Member Exclusion Endt.
- WC 22 03 04 Minnesota Employee Leasing Endorsement
- WC 22 03 05 Minnesota Exclusion of Coverage for Leased Employees Endorsement
- WC 22 03 06 Minnesota Alternate Employer Endorsement [Excluding Employers Liability Coverage]
- WC 22 04 01 Minnesota Contracting Premium Adjustment Program Endorsement

- WC 22 04 02 Minnesota Anniversary Rating Date Endorsement
- WC 22 06 00 Minnesota Policy Change Endorsement
- WC 22 06 01 D Minnesota Cancellation and Nonrenewal Endorsement
- WC 22 06 02 Minnesota Policy Information Page Endorsement Insured's Name
- WC 22 06 03 Minnesota Policy Information Page Endorsement Policy Number
- WC 22 06 04 Minnesota Policy Information Page Endorsement Effective Date
- WC 22 06 05 Minnesota Policy Information Page Endorsement Expiration Date
- WC 22 06 06 Minnesota Policy Information Page Endorsement– Insured's Mailing Address
- WC 22 06 07 Minnesota Policy Information Page Endorsement– Experience Modification
- WC 22 06 08 Minnesota Policy Information Page Endorsement Producer's Name
- WC 22 06 09 Minnesota Policy Information Page Endorsement– Change in Workplace Endorsement
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- WC 22 06 17 Minnesota Policy Information Page Endorsement– Carrier Servicing Office
- WC 22 06 18 Minnesota Policy Information Page Endorsement– Interstate/ Intrastate Risk ID Number
- WC 22 06 19 Minnesota Policy Information Page Endorsement Carrier Number
- WC 22 06 20 Minnesota Entity Address Schedule



**National Council on  
Compensation  
Insurance**

**Terri Robinson**  
State Relations Executive  
Regulatory Services Division

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May 5, 2015

Mr. Brandon Miller, President  
Minnesota Workers' Compensation Insurers Association  
7701 France Avenue South, Suite 450  
Minneapolis, Minnesota 55435-3200

**Re: Item B-1429—Establishment of Audit Noncompliance Charge**

Dear Mr. Miller:

We are filing the above captioned item in a number of NCCI jurisdictions. The attached filing memorandum describes the proposed changes.

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Sincerely,

A handwritten signature in black ink that reads "Terri Robinson". The signature is written in a cursive, flowing style.

Terri Robinson  
State Relations Executive

TR:ah

Attachment



## FILING MEMORANDUM

### ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

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#### PURPOSE

This item establishes an Audit Noncompliance Charge (ANC) rule, endorsement, and statistical code to enable a carrier to apply an ANC to employers that do not allow the carrier to examine and audit its records. The following NCCI manuals are impacted by this item:

- ***Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)***
- ***Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)***
- ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)***
- ***Assigned Carrier Performance Standards (ACPS)***

#### BACKGROUND

The carrier's authority to request records and conduct audits is contained in two sections of NCCI's Workers Compensation and Employers Liability Insurance Policy (Policy) (WC 00 00 00 C):

- Part Five—Premium, Section F. (Records) provides that the employer must keep records of information necessary to compute premium and provide those records to the carrier when requested.
- Part Five—Premium, Section G. (Audit) provides that the carrier may examine and audit all records related to a policy. This activity may occur during the policy period and within three years after policy expiration. This section also indicates that information developed by the audit process is used to determine final premium.

NCCI's ***Basic Manual*** Rule 3-A-13—Final Earned Premium states, in part, that:

- The carrier has the right to calculate earned premium based on an examination of original payroll records and accounting records of the employer
- Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of on estimated payroll or other premium basis

When an employer does not allow the carrier to examine and audit its records, the carrier is unable to properly determine the final earned premium. Current national rules do not address consequences that result when an employer does not comply with the carrier's request(s) to obtain records at final audit.

Several NCCI states have implemented state-specific rules to establish consequences for those employers that do not allow the carrier to examine and audit their records; however, these rules vary. Not all of the states include:

- a. An endorsement that alerts the employer that failure to allow the completion of a final audit will result in an additional charge, or
- b. A statistical code to report the additional premium

Additionally, some of these states allow carriers to use a payroll amount of up to three times the estimated payroll to determine the final policy premium, while other states apply an ANC based on a multiple of the estimated annual premium.

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## FILING MEMORANDUM

### ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

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Prompted by concerns that more states could take separate action on this issue, and to ensure a more uniform approach to employers that do not allow the carrier to examine and audit their records, NCCI is proposing a national rule, endorsement, and statistical code to establish an ANC. This national approach, which would apply to both the voluntary and assigned risk markets, includes the following features:

- The option for a carrier to apply a charge when an employer does not allow the carrier to examine and audit its records. Use of the ANC is at the discretion of the carrier; however, to apply the ANC, the Audit Noncompliance Charge Endorsement must be attached to the policy at inception of the policy term being audited.
- A requirement that the carrier make two attempts to obtain the audit information prior to applying the ANC.
- The ANC would equal up to two times the estimated annual premium based on the carrier's underwriting judgment.
- The ANC is considered premium and is not part of standard premium. It would be applied after standard premium, and the various state Workers Compensation Premium Algorithms would be revised to show the placement of the ANC within each algorithm.
- The ANC must be reported to a designated statistical code as defined in NCCI's *Statistical Plan*.
- For assigned risk policies, if an employer is noncompliant with an assigned risk audit, and pays the ANC, that employer is ineligible for assigned risk coverage until the employer allows the audit to be performed and/or provides the required records.
- For an employer that has paid the ANC, but later allows an audit to be performed or provides the required records to the carrier, the ANC would be refunded to the employer, or applied to any outstanding balance on the policy. In the assigned risk market, the employer would then be eligible for coverage if no additional premiums are due.

The benefits of establishing a national approach for addressing employers that do not allow a carrier to examine and audit their records include:

- **Incentive**—The potential application of an ANC would encourage employers to allow carriers access to the records required to complete an audit.
- **Flexibility**—If the Audit Noncompliance Charge Endorsement is attached at policy issuance, the carrier would have the option of applying the ANC to an individual employer that is noncompliant with completing its audit based on the carrier's underwriting judgment.
- **Uniformity**—There would be consistency among carriers in the methods for calculating, applying, and reporting the ANC.
- **Notification**—The attachment of an Audit Noncompliance Charge Endorsement at inception of the policy term being audited ensures that the employer would be notified in advance of the possible ANC if it does not allow the carrier to examine and audit its records.
- **Data Reporting**—The designated statistical code for ANC allows the separation of this charge from manual premium. This ANC would not be subject to experience rating or other premium adjustments and would be excluded from ratemaking.

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## FILING MEMORANDUM

### ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

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#### PROPOSAL

This item proposes to:

1. Establish, revise, or eliminate audit noncompliance rules in the following NCCI manuals:
  - **Basic Manual**
  - **Statistical Plan**
  - **ACPS**
2. Establish a national endorsement and eliminate or revise state-specific endorsements related to audit noncompliance in NCCI's **Forms Manual**
3. Make minor spelling, grammatical, and formatting revisions

#### IMPACT

NCCI anticipates that most, if not all employers, would provide their carrier with the necessary records to complete an audit rather than pay an ANC. Individual employers that do not allow a carrier to examine and audit their records may be subject to this ANC. It is expected that this ANC will not impact a large number of employers.

#### EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

In all states except Hawaii, this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on January 1, 2017.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

Exhibit	Exhibit Comments	Proposal Applicable in:	Implementation Summary
National Exhibits			
1-Rule	Details the revisions to Rule 3-A-13-a.	All states except DE, NJ	Revises NCCI's <b>Basic Manual</b>
1-Rule	Details the establishment of Rule 3-A-13-b.	All states except DE, FL, NJ	

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ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

Exhibit	Exhibit Comments	Proposal Applicable in:	Implementation Summary
<b>National Exhibits</b>			
2-Rule	Details the revisions to Part 3-F—Exposure Amount.	All states except DE, NC, NJ	Revises NCCI's <i>Statistical Plan</i>
2-Rule	Details the establishment of Part 3-Y—Audit Noncompliance Charge.	All states except DE, NC, NJ	
2-Rule	Details the revisions to Part 6-H-3—Premium Amount <i>Not Part</i> of Standard Premium.	All states except DE, NC, NJ	
3-Form	Details the establishment of Audit Noncompliance Charge Endorsement (WC 00 04 24).	All states except DE, FL, MO, NJ	Revises NCCI's <i>Forms Manual</i>
4-Rule	Details the revisions to Performance Standard 1-C-6.	Assigned risk policies in AK, AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV (Approval required in: AK, AR, DE, GA, IN, KS, MS, NC, NH, OR, SD)	Revises NCCI's <i>ACPS</i>
<b>State Exhibits</b>			
5-Rule	Details the revisions to each state's Workers Compensation Premium Algorithm in the voluntary market, where applicable and where no assigned risk algorithms exist.	CO, FL, HI, KY, LA, MD, ME, MT, NE, OK, RI, TN, TX, UT	Revises NCCI's <i>Basic Manual</i>
5A-Rule	Details the revisions to each state's Workers Compensation Premium Algorithm in the voluntary market, where applicable.	AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NM, NV, OR, SC, SD, VA, VT, WV	

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FILING MEMORANDUM

ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

Exhibit	Exhibit Comments	Proposal Applicable in:	Implementation Summary
State Exhibits			
5B-Rule	Details the revisions to each state's Assigned Risk Workers Compensation Premium Algorithm in the assigned risk market, where applicable.	AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NM, NV, OR, SC, SD, VA, VT, WV	Revises NCCI's <i>Basic Manual</i>
6-Rule	Details the elimination of the Colorado Non-Cooperation With Premium Audit Surcharge Miscellaneous Rule.	CO	
6-Rule	Details the revisions to Connecticut State Rule Exception 3-A-13.	CT	
6-Rule	Details the revisions to Florida State Rule Exception 3-A-13.	FL	
6-Rule	Details the revisions to Florida State Special Audit Rules: <ul style="list-style-type: none"> <li>• Rule H must be revised for consistency with the revisions to the Workers Compensation Premium Algorithm and the establishment of data reporting rules</li> <li>• Rule I must be revised to clarify that the \$500 is not a penalty, for consistency with Section 440.381(5), Florida Statutes</li> </ul>	FL	

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ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

Exhibit	Exhibit Comments	Proposal Applicable in:	Implementation Summary
State Exhibits			
6-Rule	Details the elimination of Georgia State Rule Exception 3-A-13-a and establishment of 3-A-13-b.	GA	Revises NCCI's <i>Basic Manual</i>
6-Rule	Details the elimination of Georgia State Rule Exception 3-A-13.	Assigned risk policies in GA	
6-Rule	Details the revisions to Maine State Rule Exception 3-A-13.	ME	
6-Rule	Details the elimination of Missouri State Rule Exception 3-A-13-a.	MO	
6-Rule	Details the elimination of the Montana Non-Cooperation With Premium Audit Surcharge Miscellaneous Rule.	MT	
6-Rule	Details the elimination of Nebraska State Rule Exception 3-A-13.	NE	
6-Rule	Details the elimination of North Carolina State Rule Exception 3-A-13.	NC	
6-Rule	Details the elimination of South Carolina State Rule Exception 3-A-13.	SC	
7-Rule	Details the elimination of the Missouri State Exception to Part 3-Y.	MO	Revises NCCI's <i>Statistical Plan</i>

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FILING MEMORANDUM

ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

Exhibit	Exhibit Comments	Proposal Applicable in:	Implementation Summary
State Exhibits			
8-Form	Details the elimination of the Colorado Non-Cooperation With Premium Audit Surcharge Endorsement (WC 05 04 04).	CO	Revises NCCI's <i>Forms Manual</i>
8-Form	Details the elimination of the Georgia Non-Cooperation With Premium Audit Endorsement (WC 10 04 02).	GA	
8-Form	Details the revisions to the Missouri Amendatory Endorsement (WC 24 06 04 A).	MO	
8-Form	Details the elimination of the Montana Non-Cooperation With Premium Audit Surcharge Endorsement (WC 25 04 01).	MT	

**Note:** Some states require that form and rule filings be filed separately. For filing purposes in those states, this memorandum is being provided for both the rule and form exhibits. The rule exhibits are filed with the regulatory authority as Item B-1429-R. The form exhibits are filed with the regulatory authority as Item B-1429-F.

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**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 1-RULE  
BASIC MANUAL—2001 EDITION  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

(Applies in: AK, AL, AR, AZ CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

**a. Determination**

- (1) Final ~~E~~arned Ppremium is the total premium earned during the policy ~~term~~ period. It is calculated using actual payrolls multiplied by the rate for each classification. Final earned premium includes the application of premium elements applicable to the ~~insured~~ employer.
- (2) Final earned premium for the policy must be determined on actual payroll as determined by the carrier at audit, instead of on estimated payroll or other premium basis.
- (3) Determination of final earned premium is governed by the approved rules, classifications, and rates ~~in this manual~~, subject to modification by applicable rating plans.
- (4) The ~~insurance~~ carrier has the right to calculate final earned premium based on an examination and audit of all original payroll records and accounting records of the insured related to the policy.
- (5) Audited information must coincide with the effective and expiration dates of the policy. Reasonable deviations from this standard that do not affect the earned premium are permitted to coordinate the audit with the first of the nearest month.

Refer to the User's Guide for an example.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 1-RULE**  
**BASIC MANUAL—2001 EDITION**  
**RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**  
**A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

**b. Audit Noncompliance Charge**

- (1) If the employer does not comply with Part Five—Premium, Section G. (Audit) of the policy, the employer will be considered noncompliant with the policy terms and conditions. When this occurs, the carrier may apply an Audit Noncompliance Charge (ANC) subject to the conditions in this rule. The charge is determined by applying the ANC multiplier to the ANC basis shown in the table below:

**Audit Noncompliance Charge Table**

<b>State</b>	<b>ANC Basis</b>	<b>ANC Multiplier</b>	<b>Endorsement</b>	<b>Other</b>
AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV	Estimated Annual Premium	Up to two times	Audit Noncompliance Charge Endorsement	N/A
LA	Estimated Annual Premium	Up to two times	Audit Noncompliance Charge Endorsement	The ANC must be stated as a specific dollar amount on the endorsement.
MO	Estimated Annual Premium	Up to two times	Missouri Amendatory Endorsement	N/A

*Refer to the **User's Guide** for an example.*

- (2) On a multistate policy, the ANC applies only to the exposure in the states where an employer is noncompliant with an audit and where this ANC rule is approved for use.
- (3) The ANC is a premium charge and is applied in accordance with the applicable state premium algorithm. The ANC is not part of standard premium.
- (4) The application of the ANC is subject to the following conditions:
- Carriers must comply with all applicable state laws and/or regulations related to audits of workers compensation insurance policies.
  - The Audit Noncompliance Charge Endorsement and/or applicable state-specific endorsement must be attached to the policy at inception of the policy term being audited.
  - The carrier must make two attempts to obtain the audit information and/or complete the audit. At each attempt, the carrier must notify the employer regarding the specific, required records and the amount of the ANC to be applied if the employer continues to refuse to comply with the audit.
  - The carrier must adequately document the audit file regarding the above attempts to obtain the required audit information.
  - When a carrier applies an ANC to the policy, and cancellation for audit noncompliance is permissible under state law, the carrier may cancel the policy and must issue a cancellation

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 1-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**  
**A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

notice in accordance with applicable state laws and/or regulations and NCCI's **Basic Manual** rules and **Assigned Carrier Performance Standards (ACPS)**.

- (5) This ANC rule applies to mail/email, telephone, computer (remote access), and physical audits, unless otherwise provided by state law.
- (6) The ANC may be applied to guaranteed cost policies as well as retrospectively rated policies.
- (7) The scenarios listed below may occur and are treated as follows:

<u><b>If an ANC is applied and the employer...</b></u>	<u><b>Then the carrier...</b></u>
<u>Pays the ANC and later allows the audit</u>	<ul style="list-style-type: none"> <li>• <u>Performs the final audit and determines the final policy premium based on the results of the audit; and</u></li> <li>• <u>Refunds the ANC to the employer, or applies the ANC amount to any outstanding balance on the policy</u></li> </ul>
<u>Does <b>not</b> pay the ANC but later allows the audit</u>	<u>Performs the final audit and determines the final policy premium based on the results of the audit</u>
<u>Pays the ANC but does <b>not</b> later allow the audit</u>	<u>Does not change the previously reported:</u> <ul style="list-style-type: none"> <li>• <u>Unit statistical data</u></li> <li>• <u>Noncompliance transactions</u></li> </ul>
<u>Does <b>not</b> pay the ANC and does <b>not</b> later allow the audit</u>	

- (8) Reinstatements of cancelled policies must be in accordance with all applicable state laws and/or regulations and NCCI's **Basic Manual** rules and **ACPS**.
- (9) The ANC must be reported, including applicable corrections, in accordance with NCCI's **Statistical Plan**. Assigned carriers must also comply with NCCI's **ACPS** noncompliance and compliance reporting for assigned risk policies.
- (10) For assigned risk policies, if an assigned carrier has applied an ANC, the employer will be considered noncompliant with the audit and will remain ineligible for assigned risk coverage until the employer allows the audit to be performed and/or provides the required records. This applies even if the employer has paid the ANC.

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**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 2-RULE  
STATISTICAL PLAN—2008 EDITION  
PART 3—EXPOSURE INFORMATION**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

**F. EXPOSURE AMOUNT****Final or Estimated Premium**

When the exposure reported on the 1st report corresponds to the final premium amount by class code, report as follows:

- The exposure and class code(s) corresponding to the final premium
- “N” for the Estimated Audit Code—Policy Conditions

When the exposure reported on the 1st report is based on estimated exposure, report as follows:

- The estimated exposure and class code(s) corresponding to the estimated premium
- “Y” for the Estimated Audit Code—Policy Conditions

When the exposure reported on the 1st report was based on estimated exposure and subsequently the final premium is determined, a correction to the 1st report must be reported as follows:

- The exposure and class code(s) corresponding to the final premium
- “N” for the Estimated Audit Code—Policy Conditions

When the exposure reported on the 1st report includes Statistical Code 9757—Audit Noncompliance Charge, report the Estimated Audit Code as an “N” in the applicable Policy Condition Indicator field.

If subsequent to reporting Statistical Code 9757, and the final policy premium is determined in accordance with **Basic Manual** rules, the statistical code and its accompanying charge must be removed. Additionally, the Estimated Audit Code must continue to be reported as “N,” and the exposure and premium must reflect the final audit. Refer to Part 5, Item A-1 for correction reports.

**Note:** The content in this exhibit proposes to revise the rules related to Final or Estimated Premium. The content shown in this exhibit is not a complete replacement of the existing, previously approved Part 3-F content.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 2-RULE (CONT'D)  
STATISTICAL PLAN—2008 EDITION  
PART 3—EXPOSURE INFORMATION**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)**

**Y. AUDIT NONCOMPLIANCE CHARGE**

Report the Audit Noncompliance Charge to Statistical Code 9757. Refer to **Basic Manual** for the method of determining the Audit Noncompliance Charge. Refer to Part 3, Item F—Exposure Amount for reporting the Estimated Audit Code.

If subsequent to reporting Statistical Code 9757, and the final policy premium is determined in accordance with **Basic Manual** rules, the statistical code and its accompanying charge must be removed. Additionally, the Estimated Audit Code must continue to be reported as “N,” and the exposure and premium must reflect the final audit. Refer to Part 5, Item A-1 for correction reports.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 2-RULE (CONT'D)**  
**STATISTICAL PLAN—2008 EDITION**  
**PART 6—CODING VALUES**  
**H. STATISTICAL CODES**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

**3. PREMIUM AMOUNT NOT PART OF STANDARD PREMIUM****Premium Amount Not Part of Standard Premium**

Description	Stat Code	Premium Credit (–) or Debit (+)	Applicable States <sup>(1)</sup>	Effective Date	Discontinuation Date
Audit Noncompliance Charge	9757	+	All States Except <u>CO</u> , <u>MO</u> , and <u>MT</u>	<u>01/01/17</u>	
			CO	01/01/12 <sup>(2)</sup>	
			FL	<u>01/01/17</u>	
			FL— <u>FWCJUA</u> <sup>(2)</sup>	07/01/10 ( <u>FWCJUA</u> ) <sup>(3)</sup>	
			MO	09/01/13	
			MT	10/01/12 <sup>(4)</sup>	

<sup>(1)</sup> Premium programs apply to all states listed unless otherwise noted.

<sup>(2)</sup> ~~CO—Available for use in Colorado when a carrier has independently filed and received approval from the Colorado Division of Insurance for a fee or surcharge due to audit noncompliance.~~

<sup>(2)</sup> Florida Workers Compensation Joint Underwriting Association.

<sup>(3)</sup> ~~FWCJUA—Statistical Code 9757 is for the use of the FWCJUA only.~~

<sup>(4)</sup> ~~MT—Available for use in Montana when a carrier has independently filed and received approval from the Montana Department of Insurance for a surcharge due to audit noncompliance.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 3-FORM**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**AUDIT NONCOMPLIANCE CHARGE ENDORSEMENT (WC 00 04 24)**  
(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MS, MT,  
NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WV)

**AUDIT NONCOMPLIANCE CHARGE ENDORSEMENT (WC 00 04 24)**

Part Five—Premium, Section G. (Audit) of the Workers Compensation and Employers Liability Insurance Policy is revised by adding the following:

If you do not allow us to examine and audit all of your records that relate to this policy, and/or do not provide audit information as requested, we may apply an Audit Noncompliance Charge. The method for determining the Audit Noncompliance Charge by state, where applicable, is shown in the Schedule below.

If you allow us to examine and audit all of your records after we have applied an Audit Noncompliance Charge, we will revise your premium in accordance with our manuals and Part 5—Premium, E. (Final Premium) of this policy.

Failure to cooperate with this policy provision may result in the cancellation of your insurance coverage, as specified under the policy.

**Note:**

For coverage under state-approved workers compensation assigned risk plans, failure to cooperate with this policy provision may affect your eligibility for coverage.

**Schedule**

<b><u>State(s)</u></b>	<b><u>Basis of Audit Noncompliance Charge</u></b>	<b><u>Maximum Audit Noncompliance Charge Multiplier</u></b>
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**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 4-RULE**  
**ASSIGNED CARRIER PERFORMANCE STANDARDS—2009 EDITION**  
**PERFORMANCE STANDARD 1—INTRODUCTION**  
**C. NONCOMPLIANCE AND COMPLIANCE WITH POLICY TERMS AND CONDITIONS**  
(Applies in: AK, AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR,  
SC, SD, VA, VT, WV)  
(Approval required in: AK, AR, DE, GA, IN, KS, MS, NC, NH, OR, SD)

**6. Determination of Compliance**

- a. An employer is deemed compliant for any of the following reasons:
- (1) Payment in full of all outstanding premium or deductible obligations
  - (2) Receipt of first payment in accordance with written agreement to use a payment plan
  - (3) Bona fide dispute is received as defined in **Basic Manual** Rule 4-A-2-g
  - ~~(4) Audit adjustment reduces the premium obligation to a zero or credit balance~~
  - ~~(5) Compliance with audit requirements or loss prevention survey recommendations~~
  - ~~(6) Agreement and scheduling of audit or loss prevention survey~~
  - (4) Bankruptcy and carrier is listed as a secured creditor for all outstanding premium obligations
  - (5) Submission of required underwriting information (e.g., ERM-14s)
  - (6) **Audit and Loss Prevention**
    - (a) Agreement and scheduling of audit or loss prevention survey
    - (b) Compliance with audit requirements or loss prevention survey recommendations
    - (c) Audit adjustment reduces the premium obligation to a zero or credit balance
    - (d) **Audit Noncompliance Charge Exception:**  
An assigned carrier may apply an Audit Noncompliance Charge (ANC) in accordance with **Basic Manual** rules. In such situations, an employer is not deemed compliant if the employer pays the ANC but does not allow the audit and/or does not comply with the audit requirements. Therefore, PS 1-C-6-a(6)(a) is not applicable and the employer is deemed noncompliant for audit purposes until the audit portion of PS 1-C-6-a(6)(b) is fulfilled.
- b. When multiple noncompliance issues occur, individual issues may be deemed compliant, but if there are any remaining noncompliant issues, the employer remains noncompliant.
- c. **Compliance Effective Date**
- (1) If the employer becomes compliant for reasons not related to submitting outstanding premium or deductible payments, the compliance effective date is the date the employer is deemed compliant.
  - (2) If the employer submits the outstanding premium or deductible payment, the compliance effective date must be in accordance PS 7-A-3 and 8-A-3, respectively.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
ALABAMA MISCELLANEOUS RULES**

**ALABAMA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Drug-Free Workplace Premium Credit factor (1 – DFW Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating factor (1 – MR credit %) or (1 + MR debit %)	[Non-rated risks]
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]

\* The above rating method would be used in absence of independent carrier filings.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**ALABAMA MISCELLANEOUS RULES**

	PREMIUM ELEMENTS	EXPLANATORY NOTES
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
+	Audit Noncompliance Charge	
	<b><i>TOTAL AMOUNT DUE</i></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION****ALABAMA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY****ALABAMA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applied]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Drug-Free Workplace Premium Credit factor (1 – DFW credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Merit Rating factor (1 – MR credit %) or (1 + MR debit %)	[Non-rated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**ALABAMA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
ALASKA MISCELLANEOUS RULES**

**ALASKA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	PREMIUM ELEMENTS	EXPLANATORY NOTES
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Specific (Named) Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
+	Blanket Waiver of Subrogation factor <sup>**</sup>	[% applied to the Total Standard Premium, subject to minimum charge]
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
ALASKA MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
<u>+</u>	<u>Audit Noncompliance Charge</u>	
	<b><u>TOTAL AMOUNT DUE</u></b>	

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\*\* In the voluntary market only, it is permissible to issue a blanket waiver of subrogation.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
ALASKA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**ALASKA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Specific (Named) Waiver of Subrogation factor	Specific (Named) Waiver: [% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
x	AK Residual Market Safe Workplace Incentive factor (1 – SWI %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Assigned Risk Surcharge (1 + Surcharge %)	[This surcharge of up to 25% applies only to modified premium in excess of \$3,000. To apply the surcharge, first subtract the \$3,000 from the standard premium, then add the \$3,000 back]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**ALASKA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating ~~or retrospective rating~~.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
ARIZONA MISCELLANEOUS RULES**

**ARIZONA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor*	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
–	Deductible credit	[% applied to Total Manual Premium]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
x	Alcohol- and Drug-Free Workplace factor (1 – DFW Credit %)	[% applied to Total Modified Premium]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
ARIZONA MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
+	Audit Noncompliance Charge	
	<b><i>TOTAL AMOUNT DUE</i></b>	

\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
ARIZONA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**ARIZONA WORKERS COMPENSATION ASSIGNED RISK PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Alcohol- and Drug-Free Workplace factor (1 – DFW Credit %)	[% applied to Total Modified Premium]
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM ) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**ARIZONA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
ARKANSAS MISCELLANEOUS RULES**

**ARKANSAS WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>SUBJECT PREMIUM</b>	
+	Alcohol- and Drug-Free Workplace factor (1 – ADFW credit %)	
+	Managed Care factor (1 – M/C credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
x	Small Deductible factor (1 – Deductible credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**ARKANSAS MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
<u>+</u>	<u>Audit Noncompliance Charge</u>	
	<b><i>TOTAL AMOUNT DUE</i></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC= Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
ARKANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**ARKANSAS ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	Factor applied to the portion of Manual Premium where Admiralty coverage is applicable
	<b>SUBJECT PREMIUM</b>	
x	Alcohol- and Drug-Free Workplace factor (1 – ADFW credit %)	
x	Alternate Preferred Plan factor (1 – APP Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating factor (1 – MR Credit %) or (1 + MR Debit %)	[Non-rated risks]
x	Small Deductible factor (1 – Deductible credit %)	
x	Tabular Adjustment Program (1 – TAP credit %) or (1 + TAP debit %)	[Rated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**ARKANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

	PREMIUM ELEMENTS	EXPLANATORY NOTES
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
±	Audit Noncompliance Charge	
	<b><i><u>TOTAL AMOUNT DUE</u></i></b>	

NOC= Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
COLORADO MISCELLANEOUS RULES**

**COLORADO WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	PREMIUM ELEMENTS	EXPLANATORY NOTES
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F Classification Codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
+	Strike Duty (Per day surcharge premium)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	[If applicable]
	<b>TOTAL MODIFIED PREMIUM</b>	
x	a) Schedule Rating factor (1 – SR credit %) or (1 + SR debit %) b) Designated Medical Provider (DMP)—refer to Note for treatment	[DMP Note: Eligible businesses receive a 2.5% credit. If a business also receives a schedule rating deviation, the 2.5% DMP credit must be included in the total schedule deviation, subject to a maximum deviation of 25%.]
x	Certified Risk Mgt Program or Service factor (1 – CRMP credit %)	[Not applicable to Minimum Premium Policies. Businesses eligible for experience or schedule rating receive a 5% CRMP deviation. Businesses not eligible for experience or schedule rating receive a CRMP deviation ranging from 0% to 10% as defined by Regulation 5-1-11, Section 3.E.]
x	Employing Previously Injured Employees factor (1 – EPIE credit %)	[Not applicable to Minimum Premium Policies]
+	Supplemental Disease Exposure (Asbestos) <sup>NOC†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	

\* The above rating method would be used in absence of independent carrier filings.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**COLORADO MISCELLANEOUS RULES**

	PREMIUM ELEMENTS	EXPLANATORY NOTES
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
CONNECTICUT MISCELLANEOUS RULES**

**CONNECTICUT WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
-	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
x	Schedule Rating factor	(1 – SR credit %) or (1 + SR debit %)
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
-	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
CONNECTICUT MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
+	<u>Audit Noncompliance Charge</u>	
	<b><i><u>TOTAL AMOUNT DUE</u></i></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
CONNECTICUT MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**CONNECTICUT ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount	[% applied to Standard Premium > \$10,000]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
CONNECTICUT MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
DISTRICT OF COLUMBIA MISCELLANEOUS RULES**

**DISTRICT OF COLUMBIA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
x	Workplace Safety Credit (1 – Safety Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**DISTRICT OF COLUMBIA MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
±	<u>Audit Noncompliance Charge</u>	
	<b><i>TOTAL AMOUNT DUE</i></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
DISTRICT OF COLUMBIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK  
POLICIES ONLY**

**DISTRICT OF COLUMBIA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
x	Workplace Safety Credit (1 – Safety Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
DISTRICT OF COLUMBIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK  
POLICIES ONLY**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
FLORIDA MISCELLANEOUS RULES**

**FLORIDA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
–	Coinsurance &/or Small Deductible or Intermediate Deductible credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Safety Factor (1 – Safety Credit %)	
x	Drug-Free Workplace Premium Credit factor (1 – DFW credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	[applied to Modified Premium]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b> <sup>‡</sup>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>ADJUSTED ESTIMATED ANNUAL PREMIUM</b>	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
FLORIDA MISCELLANEOUS RULES**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

‡ ~~Statistical calls for ratemaking data contain a different definition of "Standard Premium." Refer to the **Reporting Guidebook for the Annual Calls for Experience.**~~

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
GEORGIA MISCELLANEOUS RULES**

**GEORGIA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Georgia Schedule Rating Factor per GA Reg. 120-2-41 (1– SR Credit %) or (1 + SR Debit %)	
x	Managed Care factor (1– M/C Credit %)	
x	Drug-Free Workplace factor (1– DFW Credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
GEORGIA MISCELLANEOUS RULES**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
GEORGIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**GEORGIA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating factor (1 – MR Credit %) or (1 + MR Debit %)	[Nonrated risks]
x	Managed Care factor (1 – M/C Credit %)	
x	Drug-Free Workplace factor (1 – DFW Credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	<u>Audit Noncompliance Charge</u>	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
GEORGIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

~~**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
HAWAII MISCELLANEOUS RULES**

**HAWAII WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Safety Factor (1 – Safety Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating Factor (1 – MR credit %)	[Nonrated risks]
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC= Not Otherwise Classified.

\* The above rating method would be used in absence of independent carrier filings.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
HAWAII MISCELLANEOUS RULES**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
IDAHO MISCELLANEOUS RULES**

**IDAHO WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
x	Alcohol- and Drug-Free Workplace factor (1 – DFW credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	<u>Audit Noncompliance Charge</u>	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>§</sup> For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
IDAHO MISCELLANEOUS RULES**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
IDAHO MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**IDAHO ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Assigned Risk Surcharge (1 + Surcharge %)	[Not applicable to Minimum Premium]
x	Alcohol- and Drug-Free Workplace factor (1 – DFW credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
IDAHO MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
ILLINOIS MISCELLANEOUS RULES**

**ILLINOIS WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Employee Leasing Rating Adjustment	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
ILLINOIS MISCELLANEOUS RULES**

NOC= Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE**  
**BASIC MANUAL—2001 EDITION**  
**ILLINOIS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**ILLINOIS ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Employee Leasing Rating Adjustment	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**ILLINOIS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC= Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
INDIANA MISCELLANEOUS RULES**

**INDIANA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
—	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
X	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
X	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
—	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	
+	Second Injury Fund Surcharge	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
INDIANA MISCELLANEOUS RULES**

<sup>\*\*</sup> Premium charges established for Waiver of Subrogation are not filed by ICRB for the voluntary market.

NOC = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>§</sup> For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE**  
**BASIC MANUAL—2001 EDITION**  
**INDIANA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**INDIANA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible Coinsurance credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Standard Admiralty Limits]
x	Assigned Risk Surcharge	[A 25% surcharge is applicable to the premium in excess of \$2,500 of the standard premium, subject to audit]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	
+	Second Injury Fund Surcharge	

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**INDIANA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
IOWA MISCELLANEOUS RULES****IOWA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 — SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC†</sup> )	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
IOWA MISCELLANEOUS RULES**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
IOWA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**IOWA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
KANSAS MISCELLANEOUS RULES**

**KANSAS WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	<u>Audit Noncompliance Charge</u>	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.  
NOC= Not Otherwise Classified.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
KANSAS MISCELLANEOUS RULES**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
KANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**KANSAS ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	KS Assigned Risk Safety Seminar Premium Credit	[Maximum \$250 credit]
x	KS Assigned Risk Loss Free Policy Premium Credit	[Nonrated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
KANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating, NCCI's Loss Sensitive Rating Plan, or Kansas Assigned Risk Retrospective Rating Plan.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
KENTUCKY MISCELLANEOUS RULES**

**KENTUCKY WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor	$[(1 - \text{SR credit \%}) \text{ or } (1 + \text{SR debit \%})]$
x	Drug-free workplace credit (1 – DFW Credit %)	
x	Drug-free workplace credit for coal mine risks factor (1 – DFW Credit %)	[Applies only to coal mine risks establishing a drug-free workplace program]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The rating method above would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
KENTUCKY MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
LOUISIANA MISCELLANEOUS RULES**

**LOUISIANA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Safety Certification factor (1 – Safety Credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Standard Premium, where waiver is applicable, subject to minimum charge]
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
LOUISIANA MISCELLANEOUS RULES**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

~~**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.~~



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
MAINE MISCELLANEOUS RULES****MAINE WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
x	Merit Rating factor (1 - MR credit %) or (1 + MR debit %)	[Nonrated risks]
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
MAINE MISCELLANEOUS RULES**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
MARYLAND MISCELLANEOUS RULES**

**MARYLAND WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Construction Class Prem Reduct Prog factor (1 – CCPRP credit %)	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
MARYLAND MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
MISSISSIPPI MISCELLANEOUS RULES**

**MISSISSIPPI WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>SUBJECT PREMIUM</b>	
x	Drug-Free Workplace factor (1 – DFW Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
MISSISSIPPI MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE**  
**BASIC MANUAL—2001 EDITION**  
**MISSISSIPPI MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**  
**MISSISSIPPI ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Small Employer Loss Free factor (1 – SELF credit %)	[Non-rated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) †	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading †	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**MISSISSIPPI MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
MONTANA MISCELLANEOUS RULES**

**MONTANA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Construction Premium Credit Program factor (1 – CPCP credit %)	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
+	Non-Cooperation With Premium Audit Surcharge <sup>#</sup>	
	<b>ESTIMATED ANNUAL PREMIUM</b>	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
MONTANA MISCELLANEOUS RULES**

	PREMIUM ELEMENTS	EXPLANATORY NOTES
+	Audit Noncompliance Charge	
	<b><u>TOTAL AMOUNT DUE</u></b>	
+	Second Injury Fund Surcharge <sup>§§</sup>	
+	Workers Compensation Regulatory Assessment Surcharge <sup>§§</sup>	
+	Stay-at-Work/Return-to-Work Surcharge <sup>§§</sup>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC= Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

# ~~Applies only when an insurer has independently filed and received approval from the Montana Department of Insurance for a surcharge due to audit noncompliance.~~

§§ Calculated annually by the Montana Department of Labor and applied to the Estimated Annual Premium.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE**  
**BASIC MANUAL—2001 EDITION**  
**NEBRASKA MISCELLANEOUS RULES**

**NEBRASKA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
x	Flexible Rating Adjustment factor (1 – FRA credit) or (1 + FRA debit) <sup>1</sup>	Flexible Rating Adjustment is a carrier discretionary credit or debit limited to + or – 40%
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>S</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

<sup>1</sup> <sup>2</sup> The final estimated annual premium with FRA must be within + or – 40% of the final estimated annual premium if the adjustment were omitted.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEBRASKA MISCELLANEOUS RULES**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
NEVADA MISCELLANEOUS RULES**

**NEVADA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL & H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
–	Deductible Credit	[% applied to Total Manual Premium]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
X	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
X	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>S</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEVADA MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
NEVADA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**NEVADA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEVADA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
NEW HAMPSHIRE MISCELLANEOUS RULES**

**NEW HAMPSHIRE WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL &H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Managed Care factor (1 – M/C credit %)	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC†</sup> )	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEW HAMPSHIRE MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
NEW HAMPSHIRE MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**NEW HAMPSHIRE ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[% applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
–	NH Safety Incentive Program factor (1 – SIP credit %)	
–	Premium Discount	[% applied to Standard Premium > \$10,000 with Exp Mod < 1.50]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEW HAMPSHIRE MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
NEW MEXICO MISCELLANEOUS RULES**

**NEW MEXICO WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
–	5% Safety device rate reduction (excluded liability under Section 52-1-10)	$[(\text{PAYROLL} / 100) * (\text{RATE} - 5\%)]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Qualifying Class Premium Adj Program factor (1 – QCPAP credit %)	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos) <sup>NOC†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NEW MEXICO MISCELLANEOUS RULES**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
NEW MEXICO MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**NEW MEXICO ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
–	5% Safety device rate reduction (excluded liability under Section 52-1-10)	$[(\text{PAYROLL} / 100) * (\text{RATE} - 5\%)]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Qualifying Class Premium Adj Program factor (1 – QCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC†</sup> )	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
x	Assigned Risk Surcharge	[10% surcharge applicable to all assigned risk policies]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Waiver of Subrogation factor	[Flat \$250 per policy charge]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES**

**NORTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL &H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>S</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Surface and other than mining]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by non-ratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**NORTH CAROLINA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup>= Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
OKLAHOMA MISCELLANEOUS RULES**

**OKLAHOMA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Certified Workplace Medical Plan Credit (1 – credit %) #	
x	Contracting Class Prem Adj Program (1 – CCPAP credit %)	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
x	Small Deductible factor (1 – Deductible credit %)	
x	WCPR factor (1 – WCPR credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) †	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> †	
+	Charge for nonratable catastrophe loading †	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
x	Merit Rating factor (1 – MR credit %) or (1 + MR debit %)	[Non-rated risks]
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount §	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**OKLAHOMA MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
+	Audit Noncompliance Charge	
	<b><i>TOTAL AMOUNT DUE</i></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

# Certified Workplace Medical Plan is not an NCCI filed program. Refer to Oklahoma statutes for additional information.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
OREGON MISCELLANEOUS RULES**

**OREGON WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating factor (1 – MR credit %) or (1 + debit %)	[Nonrated risks]
x	OGSERP Supplemental factor	
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>S</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Employee Leasing Client Processing fee	[If risk is a client of an employee leasing firm]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
OREGON MISCELLANEOUS RULES**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>§</sup> For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
OREGON MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**OREGON ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	OGSERP Supplemental factor	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Merit Rating factor (1 – MR credit %) or (1 + debit %)	[Nonrated risks]
x	Contracting Class Prem Adj Program factor (1 – CCPAP credit %)	
x	Non-experience rated factor (1 – NER credit %)	
x	New Small Employer factor (1 – NSE credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**OREGON MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

	PREMIUM ELEMENTS	EXPLANATORY NOTES
+	Audit Noncompliance Charge	
	<b><i>TOTAL AMOUNT DUE</i></b>	

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
RHODE ISLAND MISCELLANEOUS RULES**

**RHODE ISLAND WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
RHODE ISLAND MISCELLANEOUS RULES**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
SOUTH CAROLINA MISCELLANEOUS RULES**

**SOUTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Drug & Alcohol Free Workplace factor (1 – DAFW Credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
SOUTH CAROLINA MISCELLANEOUS RULES**

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
+	Audit Noncompliance Charge	
	<b><u>TOTAL AMOUNT DUE</u></b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
SOUTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**SOUTH CAROLINA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>SUBJECT PREMIUM</b>	
x	Drug- and Alcohol-Free Workplace factor (1 – DAFW credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
SOUTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
SOUTH DAKOTA MISCELLANEOUS RULES**

**SOUTH DAKOTA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating Factor (1 – MR credit %) or (1 + MR debit %)	[Nonrated risks]
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC†</sup> )	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Total of Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
SOUTH DAKOTA MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
SOUTH DAKOTA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**SOUTH DAKOTA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Merit Rating Factor (1 – MR Credit %) or (1+ MR Debit %)	[Nonrated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
SOUTH DAKOTA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
TENNESSEE MISCELLANEOUS RULES**

**TENNESSEE WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
–	Small Deductible credit	[% applied to Total Manual Premium]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>SUBJECT PREMIUM</b>	
x	Drug-Free Workplace Premium factor (1 – DFW credit %)	
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC†</sup> )	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Total of Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>§</sup> For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

\* The above rating method would be used in absence of independent carrier filings.

## ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
TEXAS MISCELLANEOUS RULES

## TEXAS WORKERS COMPENSATION PREMIUM ALGORITHM

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.		
	PREMIUM ELEMENTS	EXPLANATORY NOTES
1	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
2 +	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL}/100) * \text{DISEASE RATE}]$
3 +	USL&H Exposure for non-F-classification codes	$[(\text{SUBJECT PAYROLL}/100) * (\text{RATE} * \text{USL\&H FACTOR})]$
4 +	OW Exposure for non-OW classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{OW FACTOR})]$
5	<b>TOTAL MANUAL PREMIUM</b>	Total of all class code premium [Row 1 + 2 + 3 + 4]
6 +	Waiver of Subrogation Factor (Blanket, Specific (Named))	[% applied to the portion of Total Manual Premium based on the type of waiver selected, if applicable, subject to minimum charge]
7 +	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
8 +	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
9 +	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
10 +	Employers Liability increased limits charge (Admiralty, FELA)	[Balance to Admiralty, FELA E/L increased limits minimum premium]
11 +	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
12	<b>SUBJECT PREMIUM</b>	[Row 5 + 6 + 7 + 8 + 9 + 10 + 11 ]
13 x	Experience Rating Modification (Exp Mod) or Negotiated Modifier	
14	<b>TOTAL MODIFIED PREMIUM</b>	[Row 12 * 13]
15 x	Premium Incentive for Small Employers (1 – PISE credit %) or (1 + PISE debit %)	[Nonexperience rated risks] [Row 12 * PISE factor]
16 x	Modeled Rating Factor	[Row 14 + 15 * Modeled Rating Factor]
17 x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	[Row 14 + 15 + 16 * Schedule Rating factor]
18 x	Certified Workers Compensation Healthcare Network Credit factor (1 – credit %)	[Row 14 + 15 + 16 + 17 * Healthcare Network Credit factor]
19 –	Deductible Credit	[Row 14 + 15 + 16 + 17 + 18 * Deductible Credit %]
20 +	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
21 +	Atomic Energy Radiation Exposure <sup>NOC, †</sup>	
22 +	Charge for nonratable catastrophe loading <sup>†</sup>	
23 +	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits (State Act)]
24 +	Balance to Minimum Premium (Admiralty, FELA, USL&H)	[Balance to minimum premium at Standard Limits (Admiralty, FELA, USL&H)]
25	<b>TOTAL STANDARD PREMIUM</b>	
26 –	Premium Discount <sup>§</sup>	[% applied to Total Standard Premium]
27 x	Acquisition Expense Discount (1 – credit %)	[Row 25 – 26 * Acquisition Expense Discount factor]

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
TEXAS MISCELLANEOUS RULES**

28	+	Coal Mine Disease Charge	[Underground, surface, surface auger]
29	+	Expense Constant	
30	+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
31		<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	
32	+	Audit Noncompliance Charge	(Row 31 * Audit Noncompliance Charge Multiplier)
33		<b><i>TOTAL AMOUNT DUE</i></b>	(Row 31 + 32 )

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5-RULE  
BASIC MANUAL—2001 EDITION  
UTAH MISCELLANEOUS RULES****UTAH WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
–	Small Deductible Credit	[% applied to Total Manual Premium]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
UTAH MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
VERMONT MISCELLANEOUS RULES**

**VERMONT WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor**	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
—	Deductible Credit***	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> )†	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> †	
+	Charge for nonratable catastrophe loading †	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
—	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

\*\*\* Effective July 1, 2008

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
VERMONT MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE****EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION****VERMONT MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY****VERMONT ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
–	Deductible Credit <sup>***</sup>	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Merit Rating factor (1 – MR Credit %) or (1 + MR Debit %)	[Non-rated risks]
x	Assigned Risk Adjustment Program (ARAP) Surcharge	[Rated risks]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM VALUE}]$
+	Catastrophe (other than Certified Acts of Terrorism)	$[(\text{PAYROLL} / 100) * \text{CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>\*\*\*</sup> Effective July 1, 2008

NOC = Not Otherwise Classified.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION**

**VERMONT MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan ~~retrospective rating~~.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
VIRGINIA MISCELLANEOUS RULES**

**VIRGINIA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor **	[% applied to the portion of Total Manual Premium where waiver is applicable]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
–	Small Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
X	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
X	Schedule Rating Factor	[(1 – SR Credit %) or (1 + SR debit %)]
X	Contracting Class Prem Adj Program Factor	[1 – CCPAP credit %]
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM</b>	
–	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM RATE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	
±	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for the voluntary market.

NOC = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>§</sup> For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5A-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
VIRGINIA MISCELLANEOUS RULES**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
VIRGINIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**VIRGINIA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) * \text{RATE}]$
+	Supplementary Disease (foundry, abrasive, sandblasting)	$[(\text{SUBJECT PAYROLL} / 100) * \text{DISEASE RATE}]$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	[% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Drug-Free Workplace Factor (1 – DFW credit)	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
x	Virginia Contracting Classification Premium Adjustment Program factor (1 – CCPAP credit %)	
+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup>	
+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	$[(\text{PAYROLL} / 100) * \text{TERRORISM RATE}]$
	<b>ESTIMATED ANNUAL PREMIUM</b>	
+	Audit Noncompliance Charge	
	<b>TOTAL AMOUNT DUE</b>	

<sup>NOC</sup> = Not Otherwise Classified.

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 5B-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
VIRGINIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE  
BASIC MANUAL—2001 EDITION  
WEST VIRGINIA MISCELLANEOUS RULES**

**WEST VIRGINIA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

W. Va. Code § 23-2C-3(f) provides for the deficit reduction and regulatory surcharges to be assessed on only those premiums received for coverage under Chapter 23 (i.e., State Act workers compensation coverage). Premiums received by private market carriers for coverage for Federal Acts (i.e., USL&H, Admiralty, FELA, Federal Black Lung) and premium for excess employers liability remain subject to premium taxes and the surcharge under Chapter 33 of the West Virginia Code. Under no circumstances shall any premiums be subject to both the surcharges under Chapter 23 and the taxes and surcharge under Chapter 33 of the West Virginia Code.

		<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
1		State Act Manual Premium	[(SUBJECT PAYROLL / 100) * RATE] {State Act Premium <u>Only</u> , <u>Excludes</u> Federal Acts <u>Classifications</u> <u>Codes</u> <u>F &amp; M</u> }
2		Federal Acts Manual Premium	[(SUBJECT PAYROLL / 100) * RATE] {Federal Acts Premium <u>Only</u> —USL&H Act, Admiralty Law and FELA { <u>F &amp; M</u> classification codes}}
3	+	Supplementary Disease (foundry, abrasive, sandblasting) (State Act)	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {% applied to the portion of State Act Premium <u>Only</u> , <u>Excludes</u> Federal Acts <u>Classifications</u> <u>Codes</u> <u>F &amp; M</u> }
4	+	Supplementary Disease (foundry, abrasive, sandblasting) (Federal Acts)	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {% applied to the portion of Federal Acts <u>Classifications</u> <u>Codes</u> { <u>F &amp; M</u> classification codes}}
5	+	USL&H Exposure for non-F-classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
6		<b>TOTAL MANUAL PREMIUM</b>	Total of all Class Code Premium — [Rows 1 + 2 + 3 + 4 + 5]
7	+	Waiver of Subrogation Factor ** (State Act)	[Rows (1 + 3) * Waiver Rate %] {% applied to the portion of Total State Act Manual Premium where waiver is applicable, subject to minimum charge}
8	+	Waiver of Subrogation Factor ** (Federal Acts)	[Rows (2 + 4 + 5) * Waiver Rate %] {% applied to the portion of Total Federal Acts Manual Premium where waiver is applicable, subject to minimum charge}
9	+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
10	+	Employers Liability (E/L) increased limits charge	[Balance to E/L increased limits minimum premium]
11	+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
12	+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
13	–	Small Deductible Credit (State Act)	[Rows (1 + 3) * Deductible Credit %] {State Act Premium <u>Only</u> }
14	–	Small Deductible Credit (Federal Acts)	[Rows (2 + 4 + 5) * Deductible Credit %] {Federal Acts}
15		<b>TOTAL SUBJECT PREMIUM</b>	[Rows 6 + 7 + 8 + 9 + 10 + 11 + 12 – 13 – 14]

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**WEST VIRGINIA MISCELLANEOUS RULES**

16	x	Experience Modification (Modified Premium – State Act)	[Rows (1 + 3 + 7 - 13) * Emod Factor] {State Act Premium <u>Only</u> }
17	x	Experience Modification (Modified Premium – Federal Acts and E/L)	[Rows (2 + 4 + 5 + 8 + 9 + 10 + 11 + 12 – 14) * Emod Factor] {Federal Acts and E/L Premium}
18		<b>TOTAL MODIFIED PREMIUM</b>	[Row 16 + 17]
19	x	Schedule Rating factor (State Act)	[Row 16 * (1 – SR credit %) or (1 + SR debit %) {State Acts Premium <u>Only</u> }
20	x	Schedule Rating factor (Federal Acts & E/L)	[Row 17 * (1 – SR credit %) or (1 + SR debit %) {Federal Acts and E/L Premium <u>Only</u> }
21	+	Supplemental Disease Exposure (Asbestos) <sup>NOC†</sup> (State Act)	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {% applied to the portion of State Act Premium <u>Only</u> , <u>Excludes</u> Federal <u>Acts</u> <u>Classifications</u> <u>Codes</u> F & and M}
22	+	Supplemental Disease Exposure (Asbestos) <sup>NOC†</sup> (Federal Acts)	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {% applied to the portion of Federal Acts <u>Classifications</u> <u>Codes</u> F & and <u>Classification codes</u> }
23	+	Atomic Energy Radiation Exposure <sup>NOC†</sup>	[(SUBJECT PAYROLL / 100) * Carrier Assigned Charge]
24	+	Charge for nonratable catastrophe loading <sup>†</sup> (State Act)	[(SUBJECT PAYROLL / 100) * CATASTROPHE RATE] {% applied to the portion of State Act Premium <u>Only</u> , <u>Excludes</u> Federal <u>Acts</u> <u>Classifications</u> <u>Codes</u> F & and M}
25	+	Charge for nonratable catastrophe loading <sup>†</sup> (Federal Acts)	[(SUBJECT PAYROLL / 100) * CATASTROPHE RATE] {% applied to the portion of Federal Acts <u>Classifications</u> <u>Codes</u> F & and <u>Classification codes</u> }
26	+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits] (State Act)
27	+	Balance to Minimum Premium (Admiralty, FELA)	[Balance to minimum premium at Standard Limits] (Admiralty, FELA)
28		<b>TOTAL STANDARD PREMIUM</b>	[Rows 19 + 20 + 21 + 22 + 23 + 24 + 25 + 26 + 27]
29	–	Premium Discount (State <u>Act</u> )	[Rows 19 + 21 + 24 + 26] * Premium Discount Factor {State Act Premium <u>Only</u> }
30	–	Premium Discount (Federal <u>Acts</u> and E/L)	[Rows 20 + 22 + 23 + 25 + 27] * Premium Discount Factor {Federal Acts and E/L Premium <u>Only</u> }
31	+	Coal Mine Disease Charge (State <u>Act</u> )	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {Disease portion for state benefits only}
32	+	Coal Mine Disease Charge (Federal <u>Acts</u> )	[(SUBJECT PAYROLL / 100) * DISEASE RATE] {Disease portion for federal benefits only}
33	+	Expense Constant	
34	+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
35	+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
36		<b>ESTIMATED ANNUAL PREMIUM</b>	[Rows 28 – 29 – 30 + 31 + 32 + 33 + 34 + 35]
37	+	Audit Noncompliance Charge	(Row 36 * Audit Noncompliance Charge Multiplier)
38		<b>TOTAL AMOUNT DUE</b>	(Rows 36 + 37)

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5A-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**WEST VIRGINIA MISCELLANEOUS RULES**

<del>37</del> 39	+	WV Regulatory Surcharge	Regulatory Surcharge Calculation Rows (13 + 19 + 21 + 24 + 26 – 29 + 31 + 33 + 34 + 35) * Published Reg Surcharge %
<del>38</del> 40	+	WV Deficit Reduction Surcharge	Deficit Reduction Surcharge Calculation Rows (13 + 19 + 21 + 24 + 26 – 29 + 31 + 33 + 34 + 35) * Published Deficit Reduction Surcharge %
<del>39</del> 41	+	WV Fire and Casualty Surcharge	WV Fire and Casualty Surcharge Calculation Rows (20 + 22 + 23 + 25 + 27 – 30 + 32) * WV Fire Casualty Surcharge 0.55 %

\*\* Premium charges established for Waiver of Subrogation are not filed by NCCI for voluntary market.

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE  
BASIC MANUAL—2001 EDITION  
WEST VIRGINIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**WEST VIRGINIA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

W. VA Code §23-2C-3(f) provides for the deficit reduction and regulatory surcharges to be accessed on only those premiums received for coverage under Chapter 23 (i.e., State Act workers compensation coverage). Premiums received by private market carriers for coverage for Federal Acts (i.e., USL&HW, Admiralty, Federal Black Lung) and premium for excess employers liability remain subject to premium taxes the surcharge under Chapter 33 of the West Virginia Code. Under no circumstances shall any premiums be subject to both the surcharges under Chapter 23 and the taxes and surcharge under Chapter 33 of the West Virginia Code.

		<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
1		<b>STATE ACT MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) \times \text{RATE}]$ {State Act Premium only, excludes Federal Acts Gclassifications Gcodesd F and M}
2		<b>FEDERAL ACTS MANUAL PREMIUM</b>	$[(\text{PAYROLL} / 100) \times \text{RATE}]$ {Federal Acts Premium Only, i.e., USL&HW Act, Admiralty Law, and FELA (Federal Acts Gclassifications Gcodesd F and M)}
3	+	Supplementary Disease (foundry, abrasive, sandblasting) {State Act}	$[(\text{SUBJECT PAYROLL} / 100) \times \text{DISEASE RATE}]$ {% Applied to the portion of State Act Premium Only, Eexcludes Federal Acts Gclassifications Gcodesd F and M}
4	+	Supplementary Disease (foundry, abrasive, sandblasting) {Federal Acts}	$[(\text{SUBJECT PAYROLL} / 100) \times \text{DISEASE RATE}]$ {% Applied to the portion of Federal Acts Gclassifications Gcoded {F and M}
5	+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) \times (\text{RATE} * \text{USL\&H FACTOR})]$
6		<b>TOTAL MANUAL PREMIUM</b>	Total of all Class Code Premium — [Rows 1 + 2 + 3 + 4 + 5]
7	+	Waiver of Subrogation factor (State Act)	{% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge} {% applied to the portion of Total State Act Manual Premium where waiver is applicable, subject to minimum charge}
8	+	Waiver of Subrogation factor (Federal Acts)	{% applied to the portion of Total Manual Premium where waiver is applicable, subject to minimum charge} {% applied to the portion of Total Federal Acts Manual Premium where waiver is applicable, subject to minimum charge}
9	+	Employers Liability (E/L) increased limits factor	{% applied to Total Manual Premium}
10	+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
11	+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**WEST VIRGINIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

		<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
12		<b>TOTAL SUBJECT PREMIUM</b>	[Rows 6 + 7 + 8 + 9 + 10 + 11]
13	x	Experience Rating Modification (Exp Mod) {State Act}	{(Rows 1 + 3 + 7) * _ Emod Factor} State Act Premium <u>Q</u> only
14	x	Experience <u>Rating</u> Modification (Exp Mod) {Federal Acts}	{(Rows 2 + 4 + 5 + 8 + 9 + 10 + 11) * _ Emod Factor} Federal Acts Premium <u>Q</u> only
15		<b>TOTAL MODIFIED PREMIUM</b>	[Rows 13 + 14]
16	x	Assigned Risk Adjustment Program (ARAP) Surcharge {State Act}	{Row 13 * _ ARAP Factor} State Act Premium <u>Q</u> only
17	x	Assigned Risk Adjustment Program (ARAP) Surcharge {Federal Acts}	{Row 14 * _ ARAP Factor} Federal Acts Premium <u>Q</u> only
18	+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup> {State Act}	[(SUBJECT PAYROLL / 100) * _ DISEASE RATE] {% Applied to the portion of State Act Premium <u>Q</u> only, Excludes Federal Acts <u>G</u> classifications <u>G</u> coded F and M}
19	+	Supplemental Disease Exposure (Asbestos <sup>NOC</sup> ) <sup>†</sup> {Federal Acts}	[(SUBJECT PAYROLL / 100) * _ DISEASE RATE] {% Applied to the portion of Federal Acts <u>G</u> classifications <u>G</u> coded {F and M}
20	+	Atomic Energy Radiation Exposure <sup>NOC</sup> <sup>†</sup>	{Federal Acts Premium <u>Q</u> only}
21	+	Charge for nonratable catastrophe loading <sup>†</sup> {State Act}	[(SUBJECT PAYROLL / 100) * _ CATASTROPHE RATE] {% Applied to the portion of State Act Premium <u>Q</u> only, Excludes Federal Acts <u>G</u> classifications <u>G</u> coded F and M}
22	+	Charge for nonratable catastrophe loading <sup>†</sup> {Federal Acts}	[(SUBJECT PAYROLL / 100) * _ CATASTROPHE RATE] {% Applied to the portion of Federal Acts <u>G</u> classifications <u>G</u> coded {F and M}
23	+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
24	+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
25		<b>TOTAL STANDARD PREMIUM</b>	[Rows 16 + 17 + 18 + 19 + 20 + 21 + 22 + 23 + 24]
26	+	Coal Mine Disease Charge {State Act}	[Underground, surface, surface auger] [(SUBJECT PAYROLL / 100) * _ DISEASE RATE] {% Applied to the portion of State Act Premium <u>Q</u> only, Excludes Federal Acts <u>G</u> classifications <u>G</u> coded F and M}
27	+	Coal Mine Disease Charge {Federal Acts}	[Underground, surface, surface auger] [(SUBJECT PAYROLL / 100) * _ DISEASE RATE] {% Applied to the portion of Federal Acts <u>G</u> classifications <u>G</u> coded {F and M}
28	+	Expense Constant	
29	+	Terrorism	[(PAYROLL / 100) * _ TERRORISM RATE]
30	+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * _ Catastrophe (other than Certified Acts of Terrorism) Value]

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

**EXHIBIT 5B-RULE (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**WEST VIRGINIA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES**  
**ONLY**

		<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
31		<b><i>ESTIMATED ANNUAL PREMIUM</i></b>	[Rows 25 + 26 + 27 + 28 + 29 + 30]
32	+	Audit Noncompliance Charge	(Row 31 * Audit Noncompliance Charge Multiplier)
33		<b><i>TOTAL AMOUNT DUE</i></b>	(Rows 31 + 32 )
32 34	+	WV Regulatory Surcharge	<del>Refer to a-</del> Regulatory Surcharge Calculation Rows (13 * 16 + 18 + 21 + 23 + 26 + 28 + 29 + 30) * Published Regulatory Surcharge %
33 35	+	WV Deficit Reduction Surcharge	<del>Refer to b-</del> WV Deficit Reduction Surcharge Calculation Rows (13 * 16 + 18 + 21 + 23 + 26 + 28 + 29 + 30) * Published WV Deficit Reduction Surcharge %
34 36	+	WV Fire and Casualty Surcharge	<del>Refer to c-</del> WV Fire and Casualty Surcharge Calculation Rows (14 * 17 + 19 + 22 + 24 + 27) * Published WV Fire Casualty Surcharge %

NOC = Not Otherwise Classified.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or NCCI's Loss Sensitive Rating Plan retrospective rating.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Rating Modification.

The following calculation assumes all of the premium elements are utilized. Readjust the calculation to include only those premium elements utilized on the assigned risk workers compensation insurance policy.

~~a-~~ Rows (13 \* 16 + 18 + 21 + 23 + 26 + 28 + 29 + 30) \* Published Regulatory Surcharge Percentage  
= Row 32

~~b-~~ Rows (13 \* 16 + 18 + 21 + 23 + 26 + 28 + 29 + 30) \* Published WV Deficit Reduction Surcharge  
Percentage = Row 33

~~c-~~ Rows (14 \* 17 + 19 + 22 + 24 + 27) \* Published WV Fire Casualty Surcharge Percentage = Row 34

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
COLORADO MISCELLANEOUS RULES**

**NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE**

~~Insurers must file for approval with the Colorado Division of Insurance, a surcharge or fee associated with employers that do not participate in or fail to cooperate with a premium audit conducted by an insurer. Upon the failure of the employer to return voluntary audit requests or the refusal to cooperate in completing a physical audit, the insurer may apply this surcharge.~~

~~At the time of policy issuance and renewal of a policy, and upon notice of a premium audit, insurers must notify employers regarding the amount and existence of the surcharge or fee.~~

~~Attach to the policy the Colorado Non-Cooperation With Premium Audit Surcharge Endorsement (WG 05 04 04) to notify the employer of a surcharge or fee that may result if they do not participate in or fail to cooperate with a premium audit.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
CONNECTICUT STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

**c. Connecticut Workers Compensation Administration Fund Assessment**

The Connecticut Workers Compensation Administration Funds Assessment factors shown under the Connecticut Miscellaneous Values must be applied to standard premium as defined in Rule 3-A-20.

No receipts for the Connecticut Workers Compensation Administration Funds Assessment are to be considered premium. Therefore, the receipts are not subject to taxes, commissions, premium discounts, and company expenses, and are not to be included on any unit statistical reports.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
FLORIDA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

**a. Determination**

Add the following to Rule 3-A-13-a:

- (6) Attach the Florida Non-Cooperation With Premium Audit Endorsement (WC 09 04 07) to every policy notifying the employer that the workers compensation carrier may determine final premium based on the Florida State Special Audit Rules if the employer fails to cooperate with a premium audit.

**b. Audit Noncompliance Charge**

Change Rule 3-A-13-b as follows:

Rule 3-A-13-b does not apply in Florida. Refer to the Florida State Special Audit Rules.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
FLORIDA MISCELLANEOUS RULES****FLORIDA STATE SPECIAL AUDIT RULES****(Applicable to Voluntary Market Accounts)**

H. Upon the failure of the employer to return voluntary audit requests or the refusal to cooperate in completing a final physical audit within 90 days from the date of termination in accordance with the Return of Unearned Premium rule, the workers compensation carrier may use any information available to estimate payroll and develop the most recent estimated annual premium. The final premium charged shall not exceed three times the most recent estimated annual premium in accordance with Section 440.381(8), Florida Statutes. The Audit Noncompliance Charge is calculated as the difference between the final charged premium and the most recent estimated annual premium. The following procedures shall be followed in order to establish proof of non-cooperation:

1. The carrier shall make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
2. The carrier shall document the audit file regarding the above attempts to obtain the required audit information.
3. After the two good faith attempts to obtain records, the carrier shall send a letter by certified mail to the employer advising them of the specific records that are required and the premium that will be charged if the employer continues to refuse access to the records. A cancellation notice for the renewal policy shall be issued. The cancellation notice may be rescinded if the audit is performed.

The carrier must attach the Florida Non-Cooperation With Premium Audit Endorsement (WC 09 04 07) to each policy. Rule H does not apply to policies written under workers compensation retrospective rating plans.

For reporting instructions on the Audit Noncompliance Charge detailed in this rule and in Florida's Workers Compensation Premium Algorithm, refer to NCCI's **Statistical Plan for Workers Compensation and Employers Liability Insurance.**

- I. If the auditor is refused physical entry or during the course of the physical audit, the auditor is denied access to ~~all essential~~ records necessary for the payroll verification audit, the employer shall pay a \$500 ~~penalty may be imposed on the employer to the carrier if the carrier cannot complete the audit as a result of the employer's failure to grant access to the required documents in accordance with Section 440.381(5), Florida Statutes. The \$500 penalty may be imposed only if the carrier has incurred actual travel expenses and the employer was made aware of the potential penalty charge in writing when access was denied. Denial of access to records by the agent or representative of employer shall be considered the same as a denial by the employer. The \$500 charge is not premium, and must not be reported to NCCI.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
GEORGIA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

**a. Audit of Payroll and Adjustment of Premium**

The rules, classifications, and rates in this manual govern the audit of payrolls and adjustment of premiums, subject to the following requirements:

- (1) Upon failure of the insured to return voluntary audit requests or refusal to cooperate in completing a final physical audit, the workers compensation carrier may utilize three times the estimated payroll for purposes of determining the final premium subject to the following conditions:
  - (a) The carrier must make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
  - (b) The carrier must document the audit file regarding the above attempts to obtain the required audit information.
  - (c) After the two good faith attempts to obtain audit information, the carrier must send a letter by certified mail to the insured advising them of the specific records that are required and to provide notice of the premium that will be charged, using three times the estimated payroll, if the insured continues to refuse access to the records. A cancellation notice for the renewal policy should be issued. The cancellation notice may be rescinded if the audit is performed.
- (2) Attach the Georgia Non-Cooperation With Premium Audit Endorsement to every policy at inception to notify the insured that the workers compensation carrier may utilize three times the estimated payroll, if the insured fails to cooperate with a premium audit.

For assigned risk policies, refer to the Georgia assigned risk addition to Rule 3-A-13-a.

**b. Audit Noncompliance Charge**

Change Rule 3-A-13-b(4)(c) as follows:

- (c) The carrier must make two attempts to obtain the audit information and/or complete the audit. At each attempt, the carrier must notify the employer and employer's agent regarding the specific, required records and the amount of the ANC to be applied if the employer continues to refuse to comply with the audit.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE (CONT'D)  
BASIC MANUAL—2001 EDITION  
GEORGIA STATE RULE EXCEPTIONS—APPLICABLE TO ASSIGNED RISK POLICIES ONLY  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
13. Final Earned Premium**

**a. Audit of Payroll and Adjustment of Premium**

Add the following to Georgia state rule exception Rule 3-A-13-a(1):

- (d) For assigned risk policies, an insured will be considered to be noncompliant with the assigned risk audit and will remain ineligible for assigned risk coverage until the insured returns audit requests or cooperates in completing a final physical audit, even if the estimated premium, using three times the estimated payroll on the Georgia assigned risk policy, has been paid. This rule applies in conjunction with Assigned Carrier Performance Standards PS-6-B-1.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
MAINE STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

**a. Determination**

Add the following to Rule 3-A-13-a:

**(6) If the carrier:**

- ~~If the insurance carrier h~~ Has not established the final earned premium 120 days after the policy period ends, ~~the carrier~~ it is prohibited from billing or collecting any additional premium exceeding the most recent billed premium before the 120-day time limit
- ~~If the carrier i~~ Is unable to examine and audit the records of the ~~insured employer~~ to calculate the final premium solely due to the ~~insured's~~ employer's lack of cooperation with the audit, the 120-day limitation will begin when the carrier is able to complete the examination and audit of the employer's records
- ~~The carrier must~~ Is unable to determine the final premium, it must notify the employer in writing, within 120 days from the end of the policy period, of the reasons for the inability to determine the final premium
- ~~If the carrier h~~ Has failed to perform a final premium audit within 120 days from the end of the policy period, the ~~insured employer~~, upon written request to the carrier, is entitled to a final premium audit for the purpose of determining ~~if whether~~ the ~~insured employer~~ has been overcharged

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**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
MISSOURI STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

**a. Audit of Insured's Records**

The rules, classifications, and rates in this manual and Missouri law govern the audit of an insured's records, subject to the following requirements:

- (1) Upon failure of the insured to respond to the insurance carrier's reasonable audit requests, the insurance carrier may apply an Audit Noncompliance Charge equal to estimated annual premium. The Audit Noncompliance Charge is not part of standard premium and is subject to the following conditions:
  - (a) The insurance carrier must make two timely, reasonable requests to obtain or complete the audit.
  - (b) The insurance carrier must adequately document the audit file regarding the above attempts to obtain the required audit information.
  - (c) After the two timely, reasonable attempts to complete the audit, the insurance carrier must send a notification by certified mail to the insured advising of the specific records that are required and the specific amount of the Audit Noncompliance Charge that will be applied if the insured continues to refuse access to the records. The notice should provide the insured a minimum of 10 days to provide the required records and/or allow an audit to occur. A cancellation notice for the renewal policy may be issued at the time of this notification, in accordance with the policy terms and Missouri law. The cancellation notice may be rescinded if the audit is performed or the required records are provided.
- (2) For noncooperative insureds that subsequently allow the audit to be performed or provide the required records, the insurance carrier must:
  - (a) Refund the Audit Noncompliance Charge to the insured, and
  - (b) Correct any previously reported unit statistical data in accordance with NGCI's **Statistical Plan**.
- (3) Attach the Missouri Amendatory Endorsement to every policy at inception and renewal to notify the insured that the insurance carrier may apply an Audit Noncompliance Charge if the insured fails to respond to reasonable requests for an audit.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
MONTANA MISCELLANEOUS RULES**

**NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE**

~~The non-cooperation with premium audit surcharge is an optional program. If an insurer chooses to impose a surcharge, the insurer must file for approval with the Montana Department of Insurance a surcharge associated with employers that fail to cooperate with a premium audit conducted by an insurer. Upon the employer's failure to return voluntary audit requests or the employer's refusal to cooperate in completing a physical audit, the insurer may apply the approved surcharge.~~

~~At the time of policy issuance and renewal, and upon notice of a premium audit, insurers must notify employers regarding the amount and existence of the Non-Cooperation With Premium Audit Surcharge.~~

~~Attach to the policy the Montana Non-Cooperation With Premium Audit Surcharge Endorsement (WG 25 04 01) to notify the employer of a surcharge that may result if the employer fails to cooperate with a premium audit.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
NEBRASKA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

- (8) When an insurer finds itself unable to report experience to the rating organization due to an insured's lack of cooperation on audit, they must notify the rating organization of the reason for the unfiled experience. This explanation to the rating organization is necessary only if the insurer has cancelled or will be nonrenewing the insured. Proof of such noncooperation must be maintained by the insurer for examination by the rating organization or the Nebraska Department of Insurance upon request.



**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

**a. Audit of Payroll and Adjustment of Premium**

The rules, classifications and rates in this manual govern the audit of payrolls and adjustments of premiums, subject to the following requirements:

1. The carrier must make an actual audit of the employer's records for the purpose of determining the premium in accordance with the following:
  - (a) For each risk producing an annual premium of less than \$50,000, the carrier must complete a mail or telephone audit of the employer's records at least once a year.
  - (b) For each risk producing an annual premium of \$50,000 or more, the carrier must make a final physical audit of the employer's records at least once a year.
2. Failure of the insured to respond to audit request or refusal to cooperate in completing a voluntary or physical audit may result in the workers compensation carrier utilizing payroll up to a maximum of three times the estimated payroll for purposes of determining the final premium subject to the following conditions:
  - (a) The carrier must make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
  - (b) The carrier must document the audit file regarding the above attempts to obtain the required audit information.
  - (c) After the two good faith attempts to obtain audit information, the carrier must send a letter by certified mail to the insured advising them of the specific records that are required and the premium that will be charged if the insured continues to refuse access to the records. A cancellation notice for the renewal policy should be issued. The cancellation notice may be rescinded if the audit is performed.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 6-RULE  
BASIC MANUAL—2001 EDITION  
SOUTH CAROLINA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION**

**13. Final Earned Premium**

Add the following to Rule A-13:

**a. Audit of Payroll and Adjustment of Premium**

The rules, classifications and rates in this manual govern the audit of payrolls and adjustment of premiums, subject to the following requirement:

1. Upon failure of the insured to return voluntary audit requests or refusal to cooperate in completing a final physical audit, the workers compensation carrier may utilize payroll up to a maximum of three times the estimated payroll for purposes of determining the final premium subject to the following conditions:
  - a. The carrier must make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
  - b. The carrier must document the audit file regarding the above attempts to obtain the required audit information.
  - c. After the two good faith attempts to obtain audit information, the carrier must send a letter by certified mail to the insured advising them of the specific records that are required and the premium that will be charged if the insured continues to refuse access to the records. A cancellation notice for the renewal policy should be issued. The cancellation notice may be rescinded if the audit is performed.
  - d. For assigned risk policies, an employer will be considered to be in noncompliance with the audit and will remain ineligible for assigned risk coverage until that time the carrier is permitted to conduct the audit, even if the estimated audit has been paid.

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 7-RULE  
STATISTICAL PLAN—2008 EDITION  
MISSOURI STATE EXCEPTIONS  
PART 3—EXPOSURE INFORMATION**

**Y. ~~AUDIT NONCOMPLIANCE CHARGE~~**

~~In accordance with NCCI's *Basic Manual* Missouri State Rule Exception to Rule 3-A-13, report any Audit Noncompliance Charge to Statistical Code 9757.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 8-FORM  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
COLORADO NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE ENDORSEMENT  
(WC 05 04 04)**

**~~COLORADO NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE ENDORSEMENT (WC 05  
04 04)~~**

~~This endorsement applies only to the insurance provided because Colorado is shown in Item 3.A. of the Information Page.~~

~~This endorsement amends and is added to Part Five—Premium Condition G. Audit. We may apply a surcharge, as shown in the Schedule below, if you do not let us examine and audit all your records that relate to this policy.~~

~~Schedule~~

~~Surcharge/Fee~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 8-FORM  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
GEORGIA NON-COOPERATION WITH PREMIUM AUDIT ENDORSEMENT (WC 10 04 02)**

**~~GEORGIA NON-COOPERATION WITH PREMIUM AUDIT ENDORSEMENT (WC 10 04 02)~~**

~~This endorsement applies only to the insurance provided by the policy because Georgia is shown in Item 3.A. of the Information Page.~~

~~This endorsement adds to Part Five—Premium, Condition G. Audit, the following provision:~~

~~If you do not allow us to examine and audit all of your records that relate to this policy, we may utilize a payroll amount of three times the estimated payroll for purposes of determining final premium.~~

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 8-FORM  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MISSOURI AMENDATORY ENDORSEMENT (WC 24 06 04 B)**

**MISSOURI AMENDATORY ENDORSEMENT (WC 24 06 04 A B)**

This endorsement applies ~~only to the insurance provided by the policy~~ because Missouri is shown in Item 3.A. of the Information Page.

Part Five—Premium, Section G. ~~(Audit) of Part Five (Premium)~~ of the policy is replaced by the following:

**G. Audit**

You will let us examine and audit all your records that relate to this policy during regular business hours during and after the policy period ends. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

Audits shall be completed, billed, and premiums returned within 120 days of policy expiration or cancellation. This standard of 120 days shall not be applicable if:

1. A delay is caused by your failure to respond to reasonable audit requests provided that the requests are timely and adequately documented; or
2. A delay is by the mutual agreement of you and us provided that the agreement is adequately documented.

If you or we have any objection to the results of any audit, you or we shall have up to three years from the date of expiration or cancellation of this policy in which to send a written notice demanding a reconsideration of the audit. The written notice shall be based upon sufficiently clear and specific facts as to why the audit should be reconsidered.

If you do not allow us to examine and audit all of your records that relate to this policy, and/or do not provide audit information as timely and reasonably requested, we may apply an Audit Noncompliance Charge. ~~equal to estimated annual premium.~~ The method for determining the Audit Noncompliance Charge is shown in the Schedule below.

If you allow us to examine and audit all of your records after we have applied an Audit Noncompliance Charge, we will revise your premium ~~will be revised accordingly~~ in accordance with our manuals and Part 5—Premium, E. (Final Premium) of this policy.

Failure to cooperate with this policy provision may also result in the cancellation of your insurance coverage, as specified under the policy and allowed under Missouri law.

**Note:**

For coverage under state-approved workers compensation assigned risk plans, failure to cooperate with this policy provision may affect your eligibility for coverage.

ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE

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EXHIBIT 8-FORM (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MISSOURI AMENDATORY ENDORSEMENT (WC 24 06 04 B)

Schedule

Basis of Audit  
Noncompliance Charge

Maximum Audit  
Noncompliance Charge Multiplier

**ITEM B-1429—ESTABLISHMENT OF AUDIT NONCOMPLIANCE CHARGE**

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**EXHIBIT 8-FORM  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MONTANA NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE ENDORSEMENT  
(WC 25 04 01)**

**~~MONTANA NON-COOPERATION WITH PREMIUM AUDIT SURCHARGE ENDORSEMENT (WG 25 04 04)~~**

~~This endorsement applies only to the insurance provided by the policy because Montana is shown in Item 3.A. of the Information Page.~~

~~This endorsement adds to Part Five—Premium Condition G. Audit the following provision:~~

~~We may apply a surcharge, as shown in the Schedule below, if you do not let us examine and audit all of your records that relate to this policy.~~

**Schedule**

Surcharge