

SCOMM

33:19

Benefits subcomm

11/21 Ike Waldrop **NECA (IBEW)**

"Buckhouse" rule - employer liable for off-j-b injury
Modernize it. If employer sends employee - exc/
Ave, Jan, Fair, KTN - "Remote" covered 24-hr/day

→ Benefits during rehab] Accident - injured worker
wouldn't have been. If not on premises & off
hours.

~~11/21~~ Jack Thompson -

- Rehab benefits
- Burial expense
- Subtract sick leave
- Occupational disease

HHealth - some deductible.
problem w/ assignment of insurance benefit
maximum - gap w/ unlimited
NCCI only if "purity of rate
calculations"

Ask insurance cos to give examples

Kentucky approach - Basis for derivation & Specifically -

Fixed wtkly, hourly, yearly

problem - 3 yr average

Current not equitable - won't hire if had high wages

→ Council State Gov'ts recommendations

False claim - midemeanor →

CARRIER
E

26 000

500

Avg wtkly wage is basis

NET WAGE

Fixed

weekly = AWW

monthly = Mo x 12 / 52

year = / 52

day/hr/output = most favorable wages during 13 wks of

52. If < 13 wks → amt would have earned in 13 wks.

If cannot be fixed = usual wage.

If seasonal = $\frac{1}{50}$ total earned in preceding 12 calendar mos.

Use unemployment benefits as part of total earned

Present 175% in January 200%

too high. current 370/wk would be 750/wk = 3000/mo tax free

2nd cap → Not more than 150% last 3 yrs AVG

Block report → $\frac{2}{3}$

weekly wages	Existing method	proposed method	7% FICA
200	200	133	
393	262	262	Shouldn't take
600	400	397	home more
800	533	475	than wages
1000	667	515	Subtract payments
1179+	786	550	made

CO-CHAIRMEN
SENATOR
TERRY STIMSON
REPRESENTATIVE
BRIAN ROGERS



MAILING ADDRESS
1024 WEST 6TH AVENUE
ANCHORAGE, ALASKA 99501

Worker's Compensation Study Commission

October 30, 1980

Senator Terry Stimson, Co-Chairman
Workers' Compensation Study Commission
1024 West Sixth Ave.
Anchorage, AK 99501

Attention: Licia Piceno

Dear Terry:

This letter is to advise you of my travel and interviewing schedule for the Workers' Compensation Study Commission. As you recall, the Commission substituted California for Florida, Washington state for Oregon and added in Longshoremen's and Harbor Workers' Compensation Act coverage. Accordingly, I have worked out my interview schedule. I'll hit some of the high points and contact points here:

Nov. 5-7 California

- Nov. 5, Workers' Compensation Insurance Rating Bureau, Industrial Indemnity
- Nov. 6, Division of Industrial Accidents
- Nov. 7, California Workers' Compensation Institute

CONTACT: c/o Gary W. Jensen
247 Fourth St.
Oakland, CA 94607

Nov. 10-11 Minnesota

- Nov. 10, Minnesota Workers' Compensation Study Commission
- Nov. 11, open

CONTACT: c/o Senator Steve Keefe, Chairman
(Assistant Majority Whip)
301 State Capitol
St. Paul, Minnesota 55155
tel. 612/296-4190

Nov. 12-14 Wisconsin

- Nov. 12, Milwaukee: Wis. Workers' Comp Insur. Rating Bureau, NAIC
- Nov. 13, Workers' Compensation Division, Federated Rural Electric Insurance Corp.

CONTACT: c/o P. Russell
306 N. Brooks
Madison, WI 53715

Nov. 19-21 Washington, DC

- Nov. 19, James R. Cochrane, Federal Insurance Agency
Dick Fink, Div. of State Workers' Comp Standards, ESA, USDL

Stimson/Fineberg
October 30, 1980
Page Two

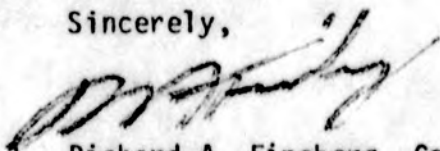
CONTACT: c/o Senner
125 11th St., NE
Washington, DC 20002

Nov. 24-25 Washington State
-- Nov. 24, Zee Jackson, USDL (LSHWA rehab)
-- Nov. 25, open

Note: These are major interviews scheduled at this point. Additional contacts have been made and interviews arranged. Additional tentative interviews scheduled as well.

I will be checking in with Licia weekly, or after each state, where possible. In some cases this will not be possible because I will be travelling at night. You will notice that 13 interview days are scheduled. I anticipate that I will be spending at least one full day in Washington, DC and one-half day in Washington State on personal affairs, thus bringing me within the contract-specified 11 days paid interviewing time. Additional comp interviewing, if time and schedule permits, will not be billed to the commission. I will similarly adjust travel per-diem downward from state standard to carry out the mission within the proposed budget.

Sincerely,



Richard A. Fineberg, Consultant
Box 81835 - College Sta.
Fairbanks, Alaska 99708

MEMORANDUM

TO: Senator Terry Stinson
Representative Brian Rogers

FROM: Bob Williams

RE: Progress Report - Insurance Sub-Committee

DATE: November 14, 1980

Summary

This report has been prepared as an update on the activities and preliminary recommendations by the Insurance Sub-Committee of the Worker's Comp Study Commission. Briefly, the Sub-Committee has recommended that four suggestions be written into draft bill form. These suggestions are: (1) that licensing of self-insurers be transferred from the Division of Worker's Compensation to the Division of Insurance, (2) that carriers be given the opportunity to write deductible policies for worker's comp, (3) that restrictions be lessened for employers wishing to purchase group policies, and (4) that a limited form of "File and Use" rating be used to promote competitive pricing.

In addition, the Sub-Committee has requested that Blue Cross consider the feasibility of writing worker's comp insurance. We are awaiting their response.

The fact should be stressed that these are preliminary recommendations. The only motion made by the Sub-Committee was to draft legislation. The Sub-Committee has not passed these bills out. The Committee decided that examining draft legislation

would enable them to understand the mechanics of the approaches that had been discussed in a conceptual manner.

Activities of the Insurance Sub-Committee

The Insurance Sub-Committee was formed at the September 20 meeting of the Commission in Fairbanks. At that meeting, the Commission heard testimony that very little competition existed in the worker's compensation insurance market, by virtue of a very rigid method of insurance rate regulation.

Insurers writing worker's compensation and other lines of casualty insurance are regulated under AS 21.39. Chapter 39 of the Insurance Code requires that insurers make filings with the Division of Insurance for every manual, minimum, class rate, rating schedule or rating plan and each modification of them which it proposes to use. That filing becomes effective after 15 days, or an extension for another 15 days, unless disapproved by the Director. An insurer may meet its filing obligation by becoming a member of, or subscriber to, a licensed rating organization. This type of insurance rate regulation is called "prior approval".

If an insurer is a member of, or subscriber to, a rating organization, that insurer must adhere to the filings made by the rating organization on its behalf, or file a deviation. Deviations from the rate filed by a rating organization must be in accordance with AS 21.39.070. In the case of workmen's compensation, all

Progress Report
Page Three

insurers writing comp in this state are members of the National Council on Compensation Insurance (NCCI). The NCCI is a licensed rating bureau, and has been since the issuance of Order 76-1 by the Director of Insurance.

At the Fairbanks meeting, the Commission also heard testimony that insurers writing worker's comp are not actively filing deviations. That deviations are an important component of competition is stated in a September 5, 1980 letter from Thomas W. Jenkins of the Illinois Department of Insurance. Mr. Jenkins states:

"Mr. William Bailey, Chairman of the Advisory Committee, has suggested we must look beyond the mere fact that rates are being made in concert and determine what actual effect that has had on competition. It is his opinion that, if rates are not being used, evidenced by substantial deviations, then ratemaking does not have an anticompetitive effect." (See Letter from Thomas W. Jenkins, Special Counsel, Illinois Department of Insurance, To: All State Insurance Commissioners, September 5, 1980.

The plain fact is that in Alaska, the NCCI rates are being used, and there are very few deviations.

The Commission also heard testimony stating that the NCCI actively opposes the filing of deviations by their member

companies. In a June 16, 1976 letter to the Division of Insurance regarding a downward deviation filed by Industrial Indemnity, they state:

"The National Council, as you know, takes position that the only permissible deviations under the Alaska Insurance Law, are uniform deviations. See, March 25, 1976 letter to your attention relative to independent filing for Loggers Association by Alaska Pacific Insurance Company.

The Industrial Indemnity Company of Alaska is a member of the National Council, and as such must adhere to National Council's filings under the Alaska Insurance Law, Section 21.39.070, which reads in part, 'Each member of or subscriber to a rating organization shall adhere to the filings made on behalf by the rating organization . . .'" (See, Letter from Donald T. De Carlo, National Council on Compensation Insurance, to Richard L. Block, Director of Insurance, June 16, 1976.)

The Council's position was subsequently explained to the Commission. The NCCI was not objecting to the fact that the

filing deviation reduced the rate, but rather that the filing did not conform to their interpretation of the Alaska Insurance Code. The Division of Insurance approved the filing after some modifications, but the incident points to one clear fact: The system of regulation is rigid and not conducive to flexible pricing or to competition.

At the conclusion of the Fairbanks meeting, Commission member Mr. Tom O'Keefe requested that the NCCI be invited to testify. And, in Anchorage on October 16, 1980 they did. However, prior to that meeting, the Sub-Committee met with two insurance industry officials, Mr. Tom Conneely, Vice President for Western Operations for the Alliance of American Insurers, and Mr. Bill Molman, Special Counsel for the American Insurance Association. The Alliance of American Insurers or the "Alliance" and the American Insurance Association (AIA) are the two major insurance trade associations for the industry and operate on the industry's behalf, countrywide.

At the October 16 meeting in Anchorage, a number of issues related to insurance and worker's comp were discussed with Mr. Conneely and Mr. Molman. Among the issues discussed was the question of open competitive rating. It was brought out at the meeting that open competition is a national issue, the effort being spearheaded by the National Association of Insurance Commissioners (NAIC). The NAIC report entitled Report of the National Advisory Committee on Competitive Rating to The National

Association of Insurance Commissioners, prepared by the Advisory Committee on Competitive Rating, May 1980, was distributed to the Sub-Committee and discussed.

That report recommended that state regulators adopt open competitive rating. However, that recommendation included three caveats in the area of worker's compensation. The report states:

1. "Worker's compensation be included in the competitive rating law and not be separately regulated in a law that requires mandatory rating organization membership and/or permits members or subscribers to depart from bureau rates only be deviation;
2. Worker's compensation insurance rates be subject to a prior filing procedure before they become effective, but not subject to specific prior approval; and
3. Statistical data for worker's compensation insurance be collected on a uniform basis."
(See, Report of the National Advisory Committee on Competitive Rating, May 1980, pp. 45-46.)

At the meeting Mr. Conneely indicated that his organization was firm in their opposition to any form of competitive rating. Mr. Molman's association took no position on the issue.

Members to the AIA are split, and the association has not yet determined their position.

The following day, October 8, the Committee met again. At this meeting they decided to look into four major areas. These were: (1) establishment of a state fund, (2) requiring that investment income be included in the ratemaking formula, (3) opening the system up to competitive pricing, and (4) examining the feasibility of health insurers writing worker's compensation. Other issues the Committee examined were group insurance and self-insurance.

On October 16, 1980, the full Commission met and heard testimony from the National Council, as requested by Mr. O'Keefe in Fairbanks. Their prepared presentation outlined the basics of insurance ratemaking. The talk was technical and at time confusing. However, one point was brought out: Small employers, those who do not generate a large premium, are discriminatorily placed in the assigned risk pool, and are automatically charged an 8% penalty.

That afternoon the Commission heard from Oregon's Insurance Commissioner, W. W. Fritz. Commissioner Fritz's testimony centered on a piece of legislation he had requested Governor Victor Atiyeh's Task Force on Worker's Compensation to introduce. That bill, entitled "A Bill For An Act Relating to File and Use Insurance Rates, LC 786-H, 09/08/80", opened Worker's compensation to competitive pricing forces. It prohibited any rating organization from filing, on the behalf of

its members, a rate that included the company's overhead costs or profit allowance. Under the bill, Bureau filings could cover only the "pure premium" or the amounts the company needs to pay claim losses. This means that companies would have to add on their own expense allowance, or in other words, compete.

Commissioner Fritz prefaced his remarks before the Commission by stating that the insurance industry operated as a "cartel". He concluded by stating that competition, as allowed in his proposal, would have a "salutory" effect on insurance rates.

It was at the next meeting, October 27, 1980, that the Sub-Committee made a motion to draft the four pieces of legislation. The Sub-Committee also discussed the insolvency of the Second Injury Fund. The Second Injury Fund reimburses employers for disability payments beyond 104 weeks if an employee has a pre-existing impairment.

The fund also provides money for vocational rehabilitation. However, no motion was made on the Second Injury Fund. The position of the Sub-Committee was that the Second Injury Fund be discussed as part of the whole question on vocational rehabilitation.

or profit allowance. Under the bill, future claims would cover only the "pure premium" or the amounts the company needs to pay claim losses. This means that companies would have to add on their own expense allowance, or in other words, compete.

Commissioner Fritz prefaced his remarks before the Commission by stating that the insurance industry operated as a "cartel". He concluded by stating that competition, as allowed in his proposal, would have a "salutory" effect on insurance rates.

It was at the next meeting, October 27, 1980, that the Sub-Committee made a motion to draft the four pieces of legislation. The Sub-Committee also discussed the insolvency of the Second Injury Fund. The Second Injury Fund reimburses employers for disability payments beyond 104 weeks if an employee has a pre-existing impairment.

The fund also provides money for vocational rehabilitation. However, no motion was made on the Second Injury Fund. The position of the Sub-Committee was that the Second Injury Fund be discussed as part of the whole question on vocational rehabilitation.

MEMORANDUM

TO: Senator Terry Stinson
Representative Brian Rogers

FROM: Bob Williams

RE: Review of "Draft Legislation"

DATE: November 12, 1980

Pursuant to the request made by the Insurance Subcommittee for Worker's Compensation, I have requested legislation be drafted. This memorandum will outline, briefly, those pieces of draft legislation.

The draft legislation covers four specific points. These are: (1) the licensing of self-insurers, (2) eliminating restrictions on employers obtaining group insurance policies, (3) allowing deductible policies for worker's comp, and (4) establishing competitive pricing for worker's compensation.

Self-Insurance

The first work draft, entitled Amendment #1, shifts the responsibility of licensing self-insurers from the Division of Worker's Compensation to the Division of Insurance. That function involves financial and insurance expertise, not available at the Division of Worker's Compensation.

The draft by Mr. Sofo is the same as a work draft prepared by the Division of Worker's Compensation. Requirements

for self-insurers are in A.S. 23.30, the worker's comp law. Those requirements have not changed. The work draft merely changes each reference to the (Board) to the Insurance Commissioner. We have, however, made one addition based on a Minnesota statute. We have added a new section, A.S. 23.30.087, which allows group self-insurance as approved by the Insurance Commissioner.

The specific provisions in the work draft on self-insurance are as follows:

Section 1 repeals A.S. 23.30.005 (f), a requirement that the Board notify the contracting agency of the state, when it revokes a self-insurance certificate.

Section 2 disallows the awarding of state contracts to any person who cannot show proof of self-insurance.

Section 3 grants the authority to any state agency to terminate a contract with any person if they receive notice that the person's worker's comp policy has been cancelled, and grants the agency the right to terminate the policy if the Insurance Commissioner revokes a certificate of self-insurance.

Section 4 requires an employer to maintain insurance for worker's comp or furnish to the Insurance Commissioner proof that he is financially able to self-insure. The Insurance Commissioner may require a bond as security.

Section 5 exempts self-insurers, certificated by the Insurance Commissioner, from filing evidence of compliance with the Board.

Section 6 authorizes group self-insurance under regulations adopted by the Insurance Commissioner. This provision was added by the Sub-Committee, and taken from a Minnesota statute.

Section 7 shifts the responsibility for issuing self-insurance certificates to the Insurance Commissioner. It also reinstates A.S. 23.30.005 (f) repealed in Section 1. The Insurance Commissioner is now directed to notify any state contracting agency regarding verification of any self-insurance certificate.

Section 8 defines "self-insurer" as an employer who has furnished the Insurance Commissioner satisfactory proof of his ability to make payments.

Group Insurance

Amendment #2 amends A.S. 21.36.190 (d), the Fictitious Group Law. This statute prohibits the issuance of group insurance plans to fictitious groups, or groups formed solely for the purpose of obtaining a preferred rate. Sub-section (c) of this section exempts workmen's compensation insurance if the group meets a list of conditions. The proposed amendments remove those conditions, as long as the group is in the same employer rating classification, and receives approval from the Insurance Director.

This amendment allows small employers to unite and obtain a group insurance policy. This has two advantages for the small employer. First, assuming the group can generate enough premium, it would allow them to be taken out of the assigned risk pool. This represents an 8% savings in premiums. Second, if the policy becomes large enough, the group would become eligible for premium discounts. These range from 9.4% for policies over \$1,000 up to 16.3% for policies above \$100,000. (See, Restatement of Worker's Compensation Expense Program, National Council on Compensation Insurance, May 1, 1978).

Section 1 removes the requirement that an association of employers have constitution and bylaws, incorporate a safety program, have preferred characteristics over similar risks written on an individual basis, and be formed for a purpose other than obtaining a group policy.

Deductibles

This section allows carriers to issue deductible policies for worker's compensation. Deductibles are a limited form of self-insurance. Currently, members or subscribers to the NCCI cannot offer deductible policies, because deductibles are not part of the NCCI's filings.

Since worker's compensation is a socially mandated form of insurance, deductibles have to be structured in a special fashion. This is to assure each employee is covered. First, the carrier is responsible for payment on any deductible policy. Second, the carrier has the right to recover the deductible amount from the employer. Third, since

the insurer is responsible for payment, the issuance of that type of policy is at his discretion.

Deductibles offer two advantages: They allow a limited form of self-insurance, thereby reducing premiums, and they provide a strong incentive for an employer to implement a safety program to curtail losses.

Section 1 allows deductible policies under A.S. 23.30.025 an exemption from the requirement that a policy cover the entire compensation for liability.

Section 2 allows the carrier to write deductible policies as approved by the Director of Insurance.

Open Competitive Rating

This section re-regulates insurers writing worker's compensation, and is a significant change. It prohibits filings by any rating organization from including allowances for expenses, taxes, or underwriting profit. In insurance jargon, this means the NCCI would file only the "pure premium". The effect is that insurers would have to actively compete for the expenses and profit portions of the premium. The provisions have been lifted for Commissioner W.W. Fritz's proposal in Oregon.

We have also included a requirement that they report investment income. This too, was taken from the Oregon proposal on competitive rating.

Further, we have drafted a bill, at the request of a Commission member, that exempts the Guaranty Association from

insolvencies arising from open competition for worker's compensation.

Section 1 exempts filings for worker's compensation made by a rating organization from "Prior Approval".

Section 2 prohibits rating organization filings from including provisions for expenses, taxes, or profits.

Section 3 requires that investment income be reported to the Division of Insurance.

Section 4 exempts the Guaranty Association from insolvencies arising out of A.S. 21.39.045.

MEMORANDUM

TO: Bill Berrier
FROM: Senator Terry Stimson
Rep. Brian Rogers
VIA: Bob Williams
DATE: November 2, 1980

Rep. Brian Rogers and Senator Terry Stimson would like you to begin drafting some legislation for the Workmen's Compensation Study Commission.

First, they would like a draft which amends AS 21.36.190(d). As you can see, AS 21.36.190(d) places a number of conditions upon an association of employers which apply for a group insurance plan. We would like to remove all of those restrictions, except the filing procedure under paragraph (4), assuming that the employer group can be rated in one rating classification. So sub-paragraph (d) would read something like;

(d) This section does not apply to workmen's compensation insurance when issued to an association of employers in the same rating classification and which as a group has filed and received approval from the director for the rating program to be applied to the group.

Second, we would like to transfer the responsibility of licensing self-insurers from the Worker's Comp Board, where it now rests, to the Director of Insurance. The provisions for self-insurance are spelled out in AS 23.30.075, AS 23.30.085, and AS 23.30.090 of the Workmen's Comp Act.

As a first crack on self-insurance I would like to go with two approaches, or in other words, two drafts. The first would be to leave the requirements and provisions for self-insurance under AS 23.30 intact, and merely transfer the function to the Director of Insurance. The second approach would be to take (Sec. 50. Minnesota Statutes, 1978, Section 176.181, Subdivision 2) which is attached to this memorandum, and use that as a model. The Minnesota law allows employer groups to self-insure, and we feel that this

Memorandum
Page two

is a good idea. Also, we would like to see built into this draft the opportunity for an individual or a group to self-insure all or part of his liability for payment of comp benefits. Please have the draftsmen contact me if there are any questions.

of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money so obtained shall be deposited in the state treasury to the credit of the commissioner of insurance and awards made against any such self-insurer by the commissioner of insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of insurance and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of insurance, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 51. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 5. A political subdivision or association of political subdivisions which is self insured, may be indemnified by the special compensation fund

ing, may demand that the physician be produced for purposes of cross-examination. The signed certificate of a neutral physician is competent evidence of the facts stated therein. The expense of the examination shall be paid as ordered by the commissioner of labor and industry, compensation judge, or the workers' compensation court of appeals.

The commissioner of labor and industry shall develop and maintain a list of neutral physicians available for designation pursuant to this subdivision or section 176.391, subdivision 2.

Sec. 49. Minnesota Statutes 1978, Section 176.179, is amended to read: 176.179 Payments of compensation received in good faith

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division or court of appeals relative to a claim by an injured employee or his survivors, and received in good faith by the employee or his survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a credit against future benefit entitlement; provided, however, that the credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits or death benefits shall not exceed 20 percent of the amount that would otherwise be payable.

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. Compulsory insurance; self-insurers. (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of insurance exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner shall also adopt, pursuant to clause (2)(c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of insurance, any employer may exclude medical, ~~care-practice and hospital benefits as required by this chapter.~~ An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations which may be determined by the commissioner of insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of insurance, showing his financial ability to pay the compensation, whereupon by written order the commissioner of insurance may make an exemption as he deems proper. The commissioner of insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of insurance may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of insurance may require the employer to furnish such security the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of insurance shall deposit it with the state treasurer. In the event

(chpt. 15)

of any decision payment of any insurer, treasure thereof interest to satisfy any judgment rendered by the state or the state or persons least to pay per as (2)(a) other administrative to this surate division author mission organi service licensed station may (b) minis benef in so missi (c) suran purs (d) sura (e) nanc (f) clal (iv) men the (v) adm (vi) this a su (vii) wh

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A D U M

November 12, 1980

SUBJECT: Worker's Compensation
(Work Order No. 12-0110)

TO: Worker's Compensation Study Commission

FROM: Thomas A. Sofo *TAS*
Legislative Counsel

After conferring with Licia I have decided to send along this short memo with the specific statutory amendments which I have been requested to draft as of this date. Based upon the commission's recommendations, any or none of these amendments can eventually be placed in a longer bill which will cover the area of worker's compensation.

Amendment Number 1 - The amendments contained in the group marked number one are merely directed toward involving the Director of Insurance in the self insurance process available to employers. The term used in the draft is Commissioner of Insurance based on definitions which appear later in AS 23.30. I have also drafted a new section AS 23.30.087 which takes up the only distinctive element of the Minnesota statute which Bob Williams has asked me to review. As you can see AS 23.30.087 deals with the concept of group self insurance.

Amendment Number 2 - This short amendment removes many of the constraints which formerly existed concerning the formation of fictitious groups for insurance purposes.

Amendment Number 3 - The language at this point is directed toward affirmatively authorizing the issuance of worker's compensation insurance policies which contain provisions for deductibles. The reference to AS 21.39.070 has been included in order to make it clear that a carrier who wishes to offer a deductible does not have to make written application for a deviation from the rates which may have been filed by the licensed rating organization. Although I have retained the requirement that the Commissioner of Insurance review such

policies with deductibles in order that they comply with this new statute, I have not required the Commissioner to make a separate finding that the employer is capable of paying such a deductible. It would seem that the self-interest of the insurers would operate as a check on the marketing of such policies to employers who could not in fact afford to pay the deductible. Since the initial payment of the deductible to the employee is to be by the insurer on behalf of the employer, the employee is not in jeopardy of an employer who purchases a policy with a deductible which it is unable to pay. Carriers are not likely to put themselves in the position of advancing the amount of the deductible on behalf of employers who they feel cannot afford to pay the deductible.

TAS:msp

Enclosure

TO: Licia Piceno

FROM: Diane Simonson *DS*

DATE: November 17, 1980

RE: Completion of Contract

I'm enclosing my final time sheet on my contract with the Commission. Hours worked between Oct. 30th and November 8th were spent going back thru the 250 cases used in the claims study to determine which were controverted. Hours worked between Nov. 12th and 14th were dedicated to reviewing the Unit Statistical Plan (at the request of Bob Williams), and putting together additional information on the claims study and work force in 1978. Nov. 15th, I attended the teleconference.

Please feel free to contact me at 364-3542 if the Commission desires further work to be done.

I am sending to your office the raw data sheets used in collecting data for the claims study, the Unit Statistical Plan, and the information requested by Commission member Mr. Croft.

1978 LABOR FORCE

The average size of the civilian labor force in Alaska in 1978 was 161,000. This includes wage or salaried persons, self-employed and agricultural. This figure was obtained from Department of Labor, Research and Analysis. However, this figure does NOT represent an absolute total of the number of persons who worked in the state in 78. The Department of Labor does not have a figure for all persons who might have been employed for seasonal work. This figure is obtained by surveying on certain days of the year. It is as close as they have to the total work force.

A breakdown is given below by month. It ranges from a high of 169,662 persons employed in August to a low of 147,909 in January.

<u>Month</u>	<u>Work Force</u>	<u># injuries</u>
January	147,909	1,581
February	150,627	1,370
March	154,092	1,653
April	158,944	1,623
May	163,990	1,770
June	169,218	1,909
July	168,756	2,144
August	169,662	2,317
September	167,755	1,921
October	164,193	1,866
November	159,622	1,430
December	157,232	1,222

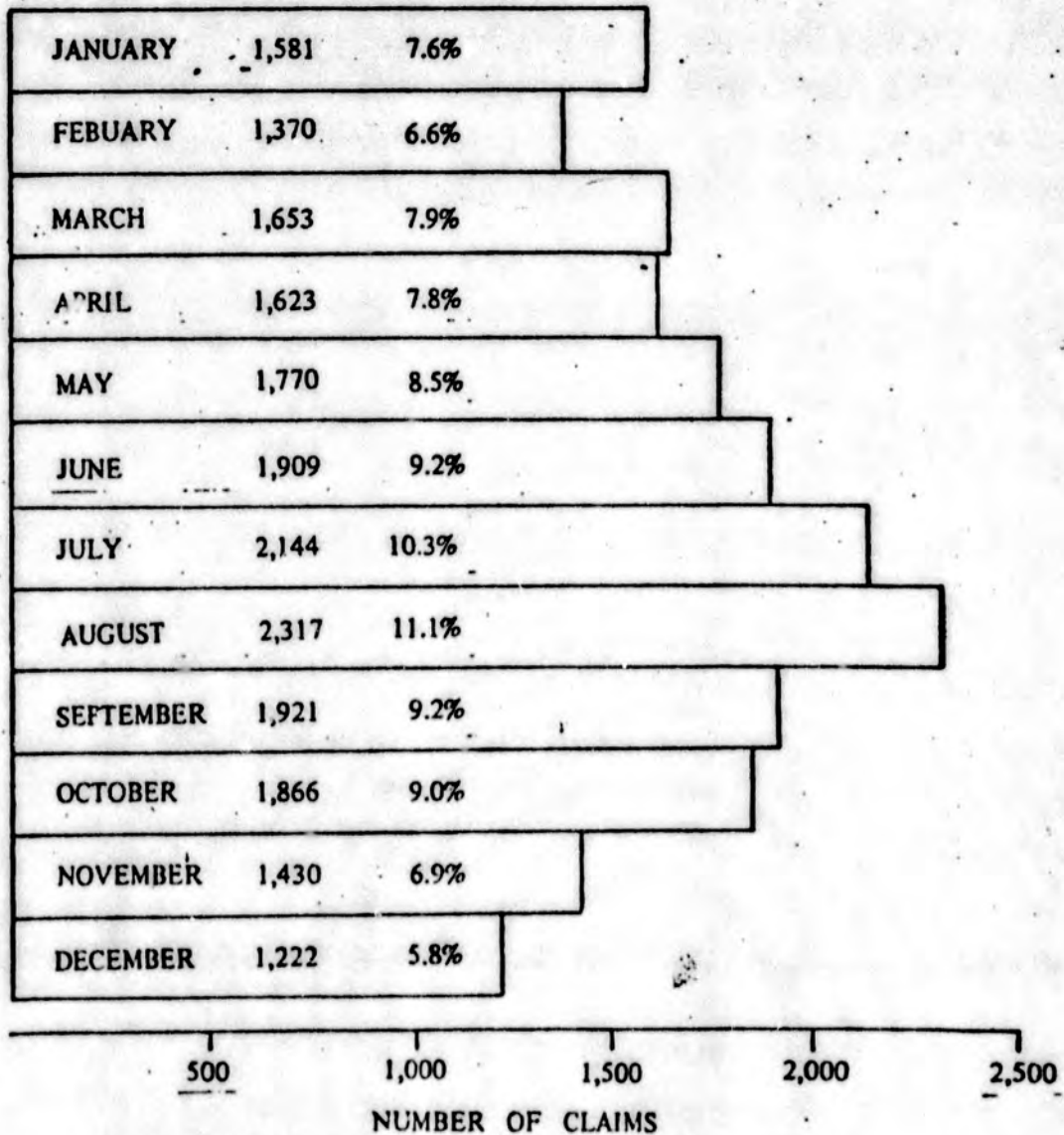
The total number of injuries reported in 1978 was 21,575 (this figure was supplied by the Division of Worker's Compensation). Calculation of the total number injured divided into the average size of the work force shows about 13% of the work force was injured, or about 1 out of every 7.5 workers. However, it must be remembered the work force may have been higher at certain dates.

Research and Analysis has provided the following chart of injuries by month. The total number of injuries is lower than the number

supplied by the Division of Worker's Comp., as the research division has a cut off date for including reported injuries.

In regard to the claims study of 250 cases from 1978, I have not included the number of injuries by month as the cases were selected from monthly listings, and therefore there are approximately the same number for each month.

WORK INJURIES AND ILLNESSES
BY MONTH OF OCCURRENCE
ALASKA 1978



NOTE: Total claims = 20,806

NOTE: Data includes all reported cases which occurred during 1978

Additional information derived from the Claims Study

AVERAGE WEEKLY COMPENSATION RATE \$300
(this average was obtained from
those cases where claimants average
weekly wage was known, 176 cases)

AVERAGE TIME COMPENSATED FOR 48 days
(this figure was available on
234 of the cases)

AVERAGE TOTAL PAYMENT(comp & medical) \$4156
(available of 235 cases)

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

November 14, 1980

UNIT STATISTICAL PLAN (USP)

The National Council on Compensation Insurance requires carriers to submit experience on each policy thru the USP. Carriers are required to submit a report for each policy 18 months after the effective date, or no later than 20 months after the effective date. These are detailed reports which are used by the Council primarily for 1) ratemaking, and 2) to determine experience modification, severity and frequency.

The purpose of reviewing the information included in the USP was to determine if a copy of these reports should be sent to the Division of Worker's Compensation so that all or part of this information could be used in their information handling system, which is now in the planning stage and is to be implemented in Jan. of 1982.

Don Kock, Division of Insurance supplied the copy of the instructions and illustrations of the USP. He explained the reporting procedures and purpose of the plan. Jackie McClintock and Diane Prissandra (Admin Officer, Division of Worker's Comp) were consulted on this matter. After careful scrutiny of the information included in the USP, it was determined that it would not be feasible to include this information in the Info Handling system for the following reasons:

- 1) By the time the report is submitted, the information on the activity of each policy is at least 18 months old, and claims reported via this report would already be in the system.
- 2) The National Council of Compensation Insurance allows this info to be reported on magnetic tape. This would present a problem in that the Division's System would have to be compatible to the NCCI'S system, and would add programming costs.
- 3) The main purpose of these reports is to determine ratemaking and experience modification. These are areas of concern to the Division of Insurance more than to the Division of Worker's Comp.
- 4) The submitting of these reports to the DWC would add a tremendous flow of paper work. An alternative is to update the Final reports submitted by the carrier so that the carrier is reporting to the Division only once, with adequate and up to date information.

National Council Workmen's Compensation Unit Statistical Plan Manual

Instructions for the preparation and filing of experience on policies becoming effective on or after June 1, 1977 for first reports; June 1, 1976, second reports; June 1, 1975, third reports; June 1, 1974, fourth reports; and June 1, 1973, fifth reports. These instructions supersede all previous instructions issued by the National Council.

National Council on Compensation Insurance
One Penn Plaza
New York, N.Y. 10001

TABLE OF CONTENTS

	Page
Introduction	1
Section	
I. General Instructions	2
1. Scope of Report	2
2. Form of Report	2
3. Experience Rated or Retrospective Rated Risks	2
4. Date of Valuation and Filing	2
5. Fractions of Dollars	3
6. Reinsurance	3
7. Uncollectible Premiums	3
8. Method of Transmittal	3
9. Dates	3
II. Identification Data	3
1. Report	3
2. Policy Number	3
3. State	3
4. Carrier	4
5. Carrier No.	4
6. Card Serial No.	4
7. Administration File No.	4
8. Effective Date, Term, Expiration Date	4
9. Insured	4
10. Conditions (Cond.)	4
III. Exposure and Premium	4
1. Exposure Coverage (Exp. Cov.)	4
2. Class Code	5
2a. Governing Classification	5
3. Exposure—Payroll	5
4. Exposure—Other Than Payroll	5
5. Manual Rate	5
6. Premium	5
III-A. Miscellaneous Premium	6
A. Premium Subject to Experience Rating	6
B. Premium Not Subject to Experience Rating	7
IV. Losses	7
1. Claim Number	7
2. Accident Date or Number of Claims	7
3. Class Code	7
4. Injury (Inj.)	7
5. Death	7
6. Permanent Total	7
7. Permanent Partial	8
8. Temporary Total or Temporary Partial Disability	8
9. Penalties for Delays in Making Compensation Payments	8
10. Medical on Compensable Claims	8

Section	Page
11. Medical Only Claims	8
12. Contract Medical	8
13. Plant Hospital Contributions	8
14. Clinical Medical	8
15. Medical or Legal Expense	8
16. Incurred Losses	9
17. Open or Closed	11
18. Loss Coverage (Loss Cov.)	11
19. Subrogation Claims	11
20. Lump Sum Claims	11
21. Aircraft Operation Losses	11
22. Losses While on Strike Duty	11
23. Catastrophe Number (Cat. No.)	11
24. Totals	11
V. Individual Reports	12
A. Claims on Which Required	12
B. General Instructions	12
1. Forms	12
2. Class Code	12
3. Effective Date	12
4. Report	12
5. Date of Valuation	12
6. Injury (Inj.)	12
7. State—State No.	12
8. Adm. File No.	12
9. Policy Number	12
10. Carrier—Carrier No.	12
11. Card Serial No.	12
12. Claim Number	12
13. Age at Accident Date	12
14. Insured	12
15. Injury at First Report	12
16. Average Weekly Wage	12
17. Loss Coverage	12
18. Accident Date	12
19. Worker's Name	12
20. Occupation	12
21. Cause of Accident	12
22. Injury Description Code	12
23. Date Claim Filed	12
24. Sex	12
25. Marital Status	12
26. Employment Status	12
27. Date Employment Ended	13
28. Specific Occupational Disease	13
29. Reason for Termination of Benefits	13
30. Remarks	13
C. Pension Claims—Form 23-77	13
1. Date of Death	13
2. Beneficiaries	13
3. Calculations	13
4. Total Indemnity Incurred—Total Medical	13
D. Claims Other Than Pension—Form 24-77	13

Section	Page
VI. Revisions and Revaluations	14a ★
A. Conditions Requiring A Subsequent Report	14a ★
1. "C" Reports	14a ★
2. Second, Third, Fourth and Fifth Reports	14a ★
B. Method of Reporting	14a ★
1. Exposure and Premium	14a ★
2. Classification Code, Type of Injury, Or Other Non-Monetary Items	15
3. Revaluation of Losses	15
4. Card Serial Numbers	15
VII. Three Year Fixed Rate Policies	15
Option A. Schedule Z Basis	15
1. Form of Report	15
2. Date of Valuation and Filing	16
3. Data to be Reported	16
4. Second, Third, Fourth and Fifth Reports	16
5. Individual Claim Reports	16
Option B. Unit Reporting Basis	16
1. Form of Report	16
2. Date of Valuation and Filing	17
3. Data to be Reported	17
4. Second, Third, Fourth and Fifth Reports	17
5. Individual Claim Reports	17
Option C. Magnetic Tape Reporting	17
VIII. Special Rules	17
1. Reporting of Experience on Multiple Year Policies	17
A. Three Year Fixed Rate Policies Written in Accordance with Section XVII of the Basic Manual	17
B. Other Multiple Year Policies	17
2. Reporting Disease Experience	17
A. General	17
B. Exposure, Manual Rate and Premium	17
C. Incurred Losses	17
D. Reporting of Incidental Foundry Abrasive or Sand Blasting Experience	17
3. Experience Under the National Defense Projects Rating Plan	18
4. Radiation Exposure—Atomic Energy Commission Projects	18
5. Coal Mine Risks—Code 1016	18
6. Unemployment or Emergency Relief Employees	18
7. Excess Insurance	19
IX. Magnetic Tape Reporting	19
A. General	19
B. Tape Specifications	20
C. Record Specifications	20
1. Link Data	20
2. Header Record	20
3. Name Record	21
4. Address Record	21

Section	Page
5. Exposure Record	21
6. Loss Record	22
7. Unit Total Record	22
8. Submission Control Record	23
United States Longshoremen's and Harbor Workers' Act	
Section IV, Item 16—"Incurred Losses"	U.S. 1
U. S. L. & H. W. Act Supplement To Table I—Widow's Pension Table	U.S. 1
U. S. L. & H. W. Act Supplement To Table II—Pension Table (Other Than Widow's)	U.S. 2
CONNECTICUT	
Section IV, Item 16—"Incurred Losses"	1
Section VIII, Item 2, Paragraph C—"Incurred Losses"	1
Section V, Item A—"Claims on Which Required"	1
Connecticut Supplement To Table I—Widow's Pension Table	1
Connecticut Supplement To Table II—Pension Table (Other Than Widow's)	2
HAWAII	
Section IV, Item 1—"Claim Number"	1
IDAHO	
Section IV, Item 16—"Incurred Losses"	1
Idaho Supplement To Table II—Pension Table (Other Than Widow's)	1
INDIANA	
Section III, Item 5—"Manual Rate"	1
MAINE	
Section IV, Item 16—"Incurred Losses"	1
Maine Supplement To Table I—Widow's Pension Table	1
Maine Supplement To Table II—Pension Table (Other Than Widow's)	2
MARYLAND	
Section IV, Item 18—"Loss Coverage"	1
MICHIGAN	
Section VII, Item 1B—"Other Multiple Year Policies"	1
Section III, Item 4—"Exposure-Other Than Payroll"	1
MINNESOTA	
Section I, Item 1—"Scope of Report"	1
Section I, Item 2—"Form of Report"	1
Section I, Item 3—"Experience Rated or Retrospective Rated Risks"	1
Section I, Item 8—"Method of Transmittal"	1
Section III, Item 4—"Exposures-Other Than Payroll"	1
Section IV—"Losses"	2
Section VII—"Three Year Fixed Rate Policies"	2
Section VIII, Item 7—"Unemployment or Emergency Relief Employees"	3
Section IX—"Magnetic Tape Reporting"	3
Minnesota Supplement To Table I—Widow's Pension Table	3
Minnesota Supplement To Table II—Pension Table (Other Than Widow's)	4

Section	Page
MISSOURI	
Voluntary Compensation	1
Section IV, Item 15—"Medical or Legal Expense"	1
Section IV, Item 16—"Incurred Losses"	1
Section V, Item A—"Claims on Which Required"	1
Section V, Item D—"Claims Other Than Pension Form 24-77"	1
Section VII—"Three Year Fixed Rate Policies—'Option A—Schedule Z Basis'"	2
Section VIII, Item 2—"Special Rules for Reporting Disease Experience"	2
Missouri Table I—Widow's Pension Table	3
Missouri Table II—Pension Table (Other Than Widow's)	3
NEW MEXICO	
Section II, Item 10—"Conditions (Cond.)"	1
Section IV, Item 25—"Safety Device Penalty Awards"	1
OREGON	
Section IV, Item 16—"Incurred Losses"	1
VIRGINIA	
Section I, Item 2—"Form of Report"	1
Section III, Item 1—"Exposure Coverage"	1
Section IV, Item 18—"Loss Coverage"	1
Section VIII—"Special Rules"—Rule 6—"Coal Mine Risks—Code 1016"	1
WISCONSIN	
Section III, Item 4—"Exposures Other Than Payroll"	1
Section VIII, Item 2, Paragraph D—"Reporting of Incidental Foundry Abrasive or Sand Blasting Experience"	1
<hr/>	
Appendix—Illustrations	1 thru 11
Index	A thru E

INTRODUCTION

1. This Plan contains the necessary instructions for the reporting of experience on the direct business written by the carrier for workmen's compensation, voluntary compensation and employers' liability insurance in all jurisdictions in the United States where private carriers are permitted to write workmen's compensation insurance, except: California, Delaware, Massachusetts, New Jersey, New York, Pennsylvania and Texas. This Plan does not apply to states where there is a monopolistic state fund (Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming). Instructions for the reporting of experience for Texas may be obtained from the Texas State Board of Insurance and the reporting of experience for the other states from the Independent Bureaus.

2. The instructions set forth in this Plan are applicable to the reporting of all experience developed by policies issued to become effective on or after June 1, 1977 for first reports; June 1, 1976, second reports; June 1, 1975, third reports; June 1, 1974, fourth reports; and June 1, 1973, fifth reports. These instructions supersede all previous instructions issued by the National Council.

3. Whenever a change is made in these instructions, the appropriate page will be reprinted and the change will be identified by a star (★) in the outer margin of the reprinted page. The effective date of the reprint will be shown at the top of the page and the edition of the original page which has been reprinted will be shown at the bottom of the page.

4. The instructions contained in the body of this Plan are applicable to the reporting of experience for each jurisdiction to which this Plan applies, except for the special requirements for individual states as shown on the state exception sheets included in this Plan.

5. The standard reporting procedures contained in this Plan may be modified by a carrier to conform to its own recording methods provided that such alternative reporting procedures: (a) yield all of the information required under the standard procedures of this Plan and (b) have received prior approval by the National Council on Compensation Insurance as an acceptable alternative reporting procedure.

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

ILLUSTRATION 2 — Sheet 1 — First Report requiring accompanying Individual Reports; Experience Rated Risk.

Note the treatment of the experience modification on Lines A, B, C and the grouping of the eight closed medical only claims. Groupings must be made by loss coverage as well as injury type and class code.

Note that since this carrier is entitled to a "stock" discount, Code 0063 has been entered as the premium discount code. "Non-stock" discounts are to be denoted by Code 0064.

REPORT	POLICY NUMBER	STATE	STATE NO.	CARRIER	CARRIER NO.	CARD SERIAL NO.	ADM FILE NO.																			
1	WC 54321	Any	55	X.Y.Z. Insurance Co.	499	712	Blank																			
EFFECTIVE DATE	TERM	EXPIRATION DATE	INSURED																							
06-01-77		05-31-78	P.A.Z. Industries Corp. (Address Optional)																							
EXP. CDV	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	ACCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	
II	2003	X 1,214,435	7.11	86,346	46096	07-26-77	2003	9			3,465	1,035	1	18												
II	2014	10,400	11.54	1,200	46114	08-05-77	2003	5			1,323	137	1	11												
					46122	07-12-77	2014	2			140,053	13,000	0	11												
						7	2003	6			-	200	1	11												
						1	2003	6			-	20	1	12												
A - TOTAL SUBJECT PREMIUM				87,546																						
B - EXPERIENCE MODIFICATION				1.62																						
C - TOTAL MODIFIED PREMIUM (A) x (B)				141,825																						
D																										
E																										
F																										
G																										
TOTAL				1,224,835	AAA	141,825																				
OTHER				AAA	AAA																					
PREMIUM DISCOUNT				AAA	(21,158)	TOTALS	11	AAA	X	144,841	14,392	AAA	X													

*0 open
1 closed*

to month period

ILLUSTRATION 2 — Sheet 2 — Individual Claim Report; Pension; Permanent Total Disability.

The present value of the specific indemnity must be determined through use of the Pension Table II of Section IV of this Manual. Supplementary Tables must also be used when applicable.

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	PENSION CLAIMS	STATE	STATE NO.	ADM FILE NO.	
2014	06-01-77	1	12-01-78	2	Any	55	Blank	
POLICY NUMBER		CARRIER NAME			CARRIER NO.	CLAIM NO.	CARD SERIAL NO.	AGE AT ACC. DATE
WC 54321		X.Y.Z. Ins.			499	46122	712	40
INSURED				INJ. AT 1ST REPORT	AVG. WEEKLY WAGE	LOSS COV.	ACCIDENT DATE	
P.A.Z. Industries Corp.				2	200.00	11	07-12-77	
WORKER'S NAME				OCCUPATION		DATE OF DEATH		
J. Jones				Miller				
CAUSE OF ACCIDENT								
Caught in Machinery								
INJURY DESCRIPTION CODE	DATE CLAIM FILED	SEX	MARITAL STATUS	EMPLOYMENT STATUS AT DATE CLAIM FILED				
3013	07-14-77	1	2	3				
BENEFICIARIES								
PRIMARY	SEX (M/P)	DATE OF BIRTH	AGE	REASON FOR TERMINATION OF BENEFITS				
1	1	10-01-37	41					
CALCULATIONS								
Annual Benefit 52 x 133.33 = 6,933								
Present Value from table II = 18,808								
Present Value future payments = 130,396								
1. INDEMNITY PAID TO VALUATION DATE (INCLUDING TEMPORARY TOTAL SHOWN IN LINE 3)								
9,657								
2. PRESENT VALUE OF FUTURE INDEMNITY PAYMENTS								
130,396								
3. TEMPORARY TOTAL INCURRED								
None								
4. FUNERAL ALLOWANCE IF APPLICABLE								
5. TOTAL INDEMNITY INCURRED (1) + (2) + (3) + (4)								
140,053								
REMARKS								
6. VOCATIONAL REHABILITATION COSTS INCURRED (INCLUDED IN LINE 5)								
XX								
7. MEDICAL								
AMOUNT PAID TO VALUATION DATE	6,000	TOTAL MEDICAL	13,000					

*AT DATE OF VALUATION (TERMINATION IF APPLICABLE)

FORM 23-77

ILLUSTRATION 2 — Sheet 3 — Individual Claim Report; Other than Pension; Permanent Partial Disability; Subrogation

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	CLAIMS OTHER THAN PENSION	STATE	STATE NO.	ADM. FILE
2003	06-01-77	12-01-78	9	Any	55	Leave Blank	
POLICY NUMBER	CARRIER NAME	CARRIER NO.	CLAIM NO.	CARD SERIAL NO.	AGE AT ACC. DATE		
WC 54321	X.Y.Z. Ins.	499	46096	712	50		
INSURED	EMPLOYER	DATE OF 1ST REPORT	AVG. WEEKLY WAGE	LOSS COV.	ACCIDENT DATE		
P.A.Z. Industries Corp.		9	200	18	07-26-77		
WORKER'S NAME	J. Smith			OCCUPATION	Baker		
CAUSE OF ACCIDENT	Continuous lifting of large bags of flour						
INJURY DESCRIPTION CODE	DATE CLAIM FILED	PER	MARITAL STATUS	EMPLOYMENT STATUS AT DATE CLAIM FILED			
8041	08-03-77	1	1	1			
IF NOT EMPLOYED, DATE WHEN EMPLOYMENT ENDED				SPECIFIC OCCUPATIONAL DISEASE			

1	2	3	4	5
KIND OF PAYMENT	PERCENT DISABILITY	MEMBER INVOLVED	TOTAL WEEKS PAYABLE	TOTAL INCURRED LOSSES
(A) SPECIFIC INDEMNITY	40%	Arm	240	8,500
(B) TOTAL DISABILITY	XXX	XXX		
(C) ALL OTHER	XXX	XXX	26	1,500
(D) TOTAL INDEMNITY (A)+(B)+(C)	XXX	XXX	XX	10,000
(E) VOCATIONAL REHABILITATION COSTS	XXX	XXX		X
(F) MEDICAL	XXX	XXX	XX	3,000
AMOUNT PAID TO VALUATION DATE: INDEMNITY			3,465	MEDICAL 1,035

REMARKS: Partially Subrogated

INSTRUCTIONS

Line (A) Enter as specific indemnity the permanent partial scheduled or non-scheduled award showing the percentage of disability, the member involved and the total weeks payable in Columns 2, 3 and 4 respectively.

Line (B) Enter here all total disability incurred, whether permanent or temporary, including any temporary total incurred in conjunction with permanent partial awards.

Line (C) Enter any other indemnity incurred as allowed under Section IV of the Unit Statistical Plan.

Line (E) Enter the vocational rehabilitation costs incurred which are included in line (D).

Column 5 The total incurred loss is the total of all paid and outstanding reserves.

SUBROGATION REPORTING

	TOTAL	INDEMNITY	PERCENT OF TOTAL	MEDICAL	PERCENT OF TOTAL
Gross Incurred Costs*	11,000	10,000	77%	3,000	23%
Subrogation Received	9,000				
Cash Recovery**					
Future Credits***					
Gross Recovery	9,000				
Claim Expense	500				
Net Recovery	8,500				
Net Cost****	4,500	3,465	77%	1,035	23%

* Value of the claim had there been no recovery.
 ** Cash Recovery should include the actual gross cash received.
 *** Future Credits are the credits against outstanding payments that would otherwise have had to be made if there were no subrogation recovery.
 This credit can not exceed the amount of the outstanding payments.
 **** The division of the Net cost between Indemnity and Medical is to be shown on the accompanying Unit Report.

ILLUSTRATION 3 — Sheet 1 — First Report requiring two unit cards.

In this illustration it is assumed that more than one set of rates and more than one experience modification applies during the policy period.

Note that it is necessary to use more than one unit card to report the experience. The first line on the exposure side shows the dates of the initial period. The exposure and premium side of the card gives the information by classification and the experience modification for the initial period only. The effective and expiration dates shown are for the entire policy period.

Note that the risk totals for the entire policy period are shown on the second card. Note the special card serial numbering and the inclusion of the interstate I.D. number.

REPORT	POLICY NUMBER		STATE	STATE NO.	CARRIER	CARRIER NO.	CARD SERIAL NO.	ADM. FILE NO.		
1	MC 4444		Any	55	Any Insurance Co.	999	123	Blank		
EFFECTIVE DATE	EXPIRATION DATE	INSURED								
07-01-77	06-30-78	P.D.Q. Refining Co.		(Address Optional)						
COND. BY S1 S2 S3 S4 S5 S6 S7 S8 OTHER										
X										
910654321										
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	INCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	INCURRED LOSSES	LOSS COV.	CAT. NO.
		07-01-77 to 08-31-77						INDEMNITY MEDICAL		
					15000	07-22-77	4740	1 79,950 900	0	11
					15001	08-02-77	4740	9 9,000 3,000	0	11
11	4740	119,486	1.67	4,055	15002	09-25-77	4740	9 1,500 250	0	11
11	8742	75,008	.68	360	15003	10-09-77	4740	5 350 150	1	11
11	8810	12,850	.22	28	15004	12-18-77	4740	5 760 160	1	11
					15005	03-07-78	4740	9 1,000 100	0	11
					15006	04-10-78	8810	5 650 150	1	11
					15007	06-02-78	8742	9 2,500 1,000	0	11
					15008	06-28-78	8742	5 500 10	1	11
A - TOTAL SUBJECT PREMIUM				4,443						
B - EXPERIENCE MODIFICATION				1,080						
C - TOTAL MODIFIED PREMIUM (A) X (B)				4,798						
D										
E										
F										
G										
TOTALS										
STD				XXX						
OTHER				XXX						
DISC. PREMIUM DISCOUNT				XXX						
TOTALS										
FORM 516										
INDUSTRY GROUP										
TYPE										
INDUSTRY SCHEDULE										
DO NOT USE										

ILLUSTRATION 3 — Sheet 2 — First Report requiring two unit cards.

REPORT	POLICY NUMBER		STATE	STATE NO.	CARRIER	CARRIER NO.	CARD SERIAL NO.	ADM. FILE NO.		
1	MC 4444		Any	55	Any Insurance Co.	999	123-2	Blank		
EFFECTIVE DATE	EXPIRATION DATE	INSURED								
07-01-77	06-30-78	P.D.Q. Refining Co.		(Address Optional)						
COND. BY S1 S2 S3 S4 S5 S6 S7 S8 OTHER										
X										
910654321										
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	INCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	INCURRED LOSSES	LOSS COV.	CAT. NO.
		09-01-77 to 06-30-78						INDEMNITY MEDICAL		
11	4740	1,129,040	3.36	37,936						
11	8742	880,950	.57	5,021						
11	8810	175,010	.24	420						
A - TOTAL SUBJECT PREMIUM				43,377						
B - EXPERIENCE MODIFICATION				1,160						
C - TOTAL MODIFIED PREMIUM (A) X (B)				50,317						
D										
E										
F										
G										
TOTALS										
STD				2,383,344	XXX					
OTHER				XXX						
DISC. PREMIUM DISCOUNT				XXX						
TOTALS										
FORM 516										
INDUSTRY GROUP										
TYPE										
INDUSTRY SCHEDULE										
DO NOT USE										

ILLUSTRATION 3 — Sheet 3 — Exposure Correction Report

In this instance a classification reassignment has been assumed. Exposure correction cards revising each of the original unit cards are necessary.

Note that the exposure correction cards carry their own series of card serial numbers. Only the second revised unit card carries the risk totals.

REPORT C -1	POLICY NUMBER NC 4444	STATE Any	STATE NO. 55	CARRIER Any Insurance Co.	CARRIER NO. 999	REVISED CARD SERIAL NO. 25	ADM. FILE NO. Leave Blank				
EFFECTIVE DATE 07-01-77	TERM	EXPIRATION DATE 06-30-78	INSURED P.D.Q. Refining Company (Address Optional)								
COND X							ORIG CARD SERIAL NO. 123				
PREVIOUSLY REPORTED				REVISED							
EXP COV	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	EXP COV	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM		
		07-01-77 to 08-31-77					07-01-77 to 08-31-77				
11	8742	75,008	.48	360							
11	4740	110,486	3.67	4,055	11	4740	185,494	3.67	6,808		
A - TOTAL SUBJECT PREMIUM				4,443	A - TOTAL SUBJECT PREMIUM				6,836		
B - EXPERIENCE MODIFICATION				1.080	B - EXPERIENCE MODIFICATION				1.080		
C - TOTAL MODIFIED PREMIUM (A) X (B)				4,798	C - TOTAL MODIFIED PREMIUM (A) X (B)				7,383		
D					D						
E					E						
F					F						
G					G						
R	STD	2,383,344		XXX	55,115	R	STD	2,383,344		XXX	86,212
I	OTHER			XXX	XXX	I	OTHER			XXX	XXX
S	DOB			XXX	XXX	S	DOB			XXX	XXX
K	PREMIUM DISCOUNT			XXX	1,087	K	PREMIUM DISCOUNT			XXX	5,001
DO NOT USE					DO NOT USE						

INDICATE INDIVIDUAL ITEMS WHERE THERE HAS BEEN A CHANGE IN ANY OF THE DATA PREVIOUSLY REPORTED. ALL TOTALS MUST INCLUDE ALL ITEMS INCLUDING THOSE THAT REMAIN UNCHANGED.

EXPOSURE CARD Form 22 P-68

ILLUSTRATION 3 — Sheet 4 — Exposure Correction Report

REPORT C -1	POLICY NUMBER NC 4444	STATE Any	STATE NO. 55	CARRIER Any Insurance Co.	CARRIER NO. 999	REVISED CARD SERIAL NO. 25-2	ADM. FILE NO. Leave Blank				
EFFECTIVE DATE 07-01-77	TERM	EXPIRATION DATE 06-30-78	INSURED P.D.Q. Refining Co. (Address Optional)								
COND X							ORIG CARD SERIAL NO. 123				
PREVIOUSLY REPORTED				REVISED							
EXP COV	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	EXP COV	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM		
		09-01-77 to 06-30-78					09-01-77 to 06-30-78				
11	4740	1,129,040	3.36	37,936	11	4740	2,009,990	3.36	67,536		
11	8742	880,950	.57	5,021							
A - TOTAL SUBJECT PREMIUM				43,377	A - TOTAL SUBJECT PREMIUM				67,956		
B - EXPERIENCE MODIFICATION				1.160	B - EXPERIENCE MODIFICATION				1.160		
C - TOTAL MODIFIED PREMIUM (A) X (B)				50,317	C - TOTAL MODIFIED PREMIUM (A) X (B)				78,829		
D					D						
E					E						
F					F						
G					G						
R	STD	2,383,344		XXX	55,115	R	STD	2,383,344		XXX	86,212
I	OTHER			XXX	XXX	I	OTHER			XXX	XXX
S	DOB			XXX	XXX	S	DOB			XXX	XXX
K	PREMIUM DISCOUNT			XXX	1,087	K	PREMIUM DISCOUNT			XXX	5,001
DO NOT USE					DO NOT USE						

INDICATE INDIVIDUAL ITEMS WHERE THERE HAS BEEN A CHANGE IN ANY OF THE DATA PREVIOUSLY REPORTED. ALL TOTALS MUST INCLUDE ALL ITEMS INCLUDING THOSE THAT REMAIN UNCHANGED.

EXPOSURE CARD Form 22 P-68

ILLUSTRATION 3 — Sheet 5 — Loss Correction Report

The correction was necessary because of the revised class code assignment.

REPORT	POLICY NUMBER	STATE	STATE NO.	CARRIER	CARRIER NO.	REVISED CARD SERIAL NO.	ADM. FILE NO.								
C-1	WC 4444	Any	55	Any Insurance Co.	999	26	Leave Blank								
EFFECTIVE DATE	EXPIRATION DATE	INSURED	P. D. O. Refining Co. (Address Optional)												
07-01-77	06-30-78														
COND.	910654321						ORIG. CARD SERIAL NO. 123								
CLAIM NUMBER OR NUMBER OF CLAIMS PREV. REPORTED	ACCIDENT DATE OR REVISED NUMBER OF CLAIMS	CLASS CODE	PREVIOUSLY REPORTED*					REVISED*							
			I N J	INCURRED LOSSES		D P S	LOSS COV.	CAT. NO.	I N J	INCURRED LOSSES		D P S	LOSS COV.	CAT. NO.	
			INDIGNITY	MEDICAL											
15007	06-02-78	8742	9	2,500	1,000	0	11			4740	9	2,500	1,000	0	11
15008	06-28-78	8742	5	500	10	1	11			4740	5	500	10	1	11
2	0	8742	6	-	90	1	11								
40	42	4740	6	-	800	1	11			4740	6	-	890	1	11
51	51	TOTAL		95,810	6,610					TOTAL		95,810	6,610		

DO NOT USE

LOSS CARD

ILLUSTRATION 3 — Sheet 6 — Loss Correction Report, Revision of loss amounts because of Subrogation.

Note that a recovery in an action against a third party is considered to be a revision of losses and not a revaluation; and that since in this instance the subrogation was received subsequent to the first reporting but before the normal valuation date for second report, a loss correction card was filed.

Note that the notation "12" has been entered in the "Loss Cov." column.

REPORT	POLICY NUMBER	STATE	STATE NO.	CARRIER	CARRIER NO.	REVISED CARD SERIAL NO.	ADM. FILE NO.								
C-1	WC 4444	Any	55	Any Insurance Co.	999	27	Leave Blank								
EFFECTIVE DATE	EXPIRATION DATE	INSURED	P. D. O. Refining Co. (Address Optional)												
07-01-77	06-30-78														
COND.	910654321						ORIG. CARD SERIAL NO. 123								
CLAIM NUMBER OR NUMBER OF CLAIMS PREV. REPORTED	ACCIDENT DATE OR REVISED NUMBER OF CLAIMS	CLASS CODE	PREVIOUSLY REPORTED*					REVISED*							
			I N J	INCURRED LOSSES		D P S	LOSS COV.	CAT. NO.	I N J	INCURRED LOSSES		D P S	LOSS COV.	CAT. NO.	
			INDIGNITY	MEDICAL											
15001	08-02-77	4740	9	9,000	3,000	0	11			4740	9	1,500	500	1	12
51	51	TOTAL		95,810	6,610					TOTAL		88,310	4,110		

DO NOT USE

LOSS CARD

ILLUSTRATION 4 — Second Reporting of Losses

Note that in this illustration one of the group of closed medical only claims was reopened and reclosed as a permanent partial claim. (#15201).

Note that all cases previously reported as open have been entered and revalued or closed without payment (#15002) as of 30 months after the effective date of the policy.

Note that although claim #15007 has been closed for \$80 medical the \$80 is charged to claim #15007 and not assigned to the aggregate group of medical only losses.

Note that claim #15003 was reopened and closed.

REPORT NO.	POLICY NUMBER	STATE	CARRIER	CARRIER NO.	REVISED CARD SERIAL NO.	ADM. FILE NO.							
2	WC 4444	Any	Any Insurance Co.	999	150	Leave Blank							
EFFECTIVE DATE	TERM	EXPIRATION DATE	INSURED										
07-01-77		06-30-78	P.D.Q. Refining Co. (Address Optional)										
COND.	910654321					ORIG. CARD SERIAL NO.							
X						123							
CLAIM NUMBER OR NUMBER OF CLAIMS PREVIOUSLY REPORTED	ACCIDENT DATE OR REVISED NUMBER OF CLAIMS	CLASS CODE	PREVIOUSLY REPORTED*				REVISED*						
			INDEMNITY	MEDICAL	LOSS COV.	CAT. NO.	INDEMNITY	MEDICAL	LOSS COV.	CAT. NO.			
15000	07-22-77	4740	1	79,950	900	0	11	4740	1	81,200	900	0	11
15002	09-25-77	4740	9	1,500	250	0	11	4740	9	-	-	-	-
15003	10-09-77	4740	5	350	150	1	11	4740	9	450	200	1	11
15005	03-07-78	4740	9	1,000	100	0	11	4740	9	800	50	1	11
15007	06-02-78	4740	9	2,500	1,000	0	11	4740	6	-	80	1	11
42	41	4740	6	-	890	1	11	4740	6	-	760	1	11
15201	10-10-77							4740	9	750	100	1	11
51	50	TOTAL		88,310	4,110	X	XXX	TOTAL		86,210	2,910	X	XXX

ILLUSTRATION 5 — Sheet 1 — Third Reporting of Losses requiring an accompanying termination report.

Note that a third report was required in this instance, since the case was open as of the second report. The closing of this death pension claim requires a termination report.

Note that this claim (#15000) required the submission of individual claim reports for both the first and second reportings although none were shown in the previous illustrations.

REPORT NO.	POLICY NUMBER	STATE	CARRIER	CARRIER NO.	REVISED CARD SERIAL NO.	ADM. FILE NO.							
3	WC 4444	Any	Any Insurance Co.	999	95	Leave Blank							
EFFECTIVE DATE	TERM	EXPIRATION DATE	INSURED										
07-01-77		06-30-78	P.D.Q. Refining Co. (Address Optional)										
COND.	910654321					ORIG. CARD SERIAL NO.							
X						123							
CLAIM NUMBER OR NUMBER OF CLAIMS PREVIOUSLY REPORTED	ACCIDENT DATE OR REVISED NUMBER OF CLAIMS	CLASS CODE	PREVIOUSLY REPORTED*				REVISED*						
			INDEMNITY	MEDICAL	LOSS COV.	CAT. NO.	INDEMNITY	MEDICAL	LOSS COV.	CAT. NO.			
15000	07-22-77	4740	1	81,200	900	0	11	4740	1	50,000	900	1	11
50	50	TOTAL		86,210	2,910	X	XXX	TOTAL		55,010	2,910	X	XXX

ILLUSTRATION 6 — Sheet 2 — Termination Report

This claim was originally payable until death or remarriage. Upon remarriage of the widow this former *pension* claim terminates.

Note that any miscellaneous items such as payments to special State Funds may be shown as illustrated below.

Note that the card serial number is that of the original unit reporting of the risk.

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	PENSION CLAIMS	STATE	STATE NO.	ADM. FILE NO.	
7539	10-01-75	3	05-02-79	1	Any	55	Leave Blank	
POLICY NUMBER WC 1111		CARRIER NAME Any Insurance Co.		CARRIER NO. 999	CLAIM NO. 77742	CARD SERIAL NO. 655	AGE AT ACC. DATE 37	
INSURED X.Y.Z. Electric Company				INJ. AT 1ST REPORT 1	AVG. WEEKLY WAGE 202	LOSS COV. 11	ACCIDENT DATE 10-04-75	
WORKER'S NAME Joe Green				OCCUPATION Truckdriver		DATE OF DEATH 10-4-75		
CAUSE OF ACCIDENT Auto collided with truck								
INJURY DESCRIPTION CODE 1007	DATE CLAIM FILED 10-05-75	SEX 1	MARITAL STATUS 1	EMPLOYMENT STATUS AT DATE CLAIM FILED 1				
BENEFICIARIES				CALCULATIONS				
PRIMARY 2	SEX (M/F) 2	DATE OF BIRTH 1-1-40	AGE 39	REASON FOR TERMINATION OF BENEFITS 2	Weekly Benefit = 162 Total Weeks Payable = 173 Total Value of Payments = 28,026 State Fund Payment = 1,000			
OTHER								
				1. INDEMNITY PAID TO VALUATION DATE (EXCLUDING TEMPORARY TOTAL SHOWN IN LINE 1)				28,026
				2. PRESENT VALUE OF FUTURE INDEMNITY PAYMENTS				-
				3. TEMPORARY TOTAL INCURRED				-
				4. FUNERAL ALLOWANCE IF APPLICABLE				750
				5. TOTAL INDEMNITY INCURRED (1) + (2) + (3) + (4)				29,776
REMARKS Remarried				6. VOCATIONAL REHABILITATION COSTS INCURRED (INCLUDED IN LINE 5)				
				7. MEDICAL SUMMARY	AMOUNT PAID TO VALUATION DATE 452	TOTAL MEDICAL 452		
FAT DATE OF VALUATION (TERMINATION IF APPLICABLE)								

ILLUSTRATION 6 — Sheet 3 — Individual Claim Report; Pension; Permanent Total Disability with Vocational Rehabilitation.

Note that this report is required because of the vocational rehabilitation incurred and also because the payments to the claimant are to be made for life.

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	PENSION CLAIMS	STATE	STATE NO.	ADM. FILE NO.	
7539	10-01-75	3	04-01-79	2	Any	55	Leave Blank	
POLICY NUMBER WC 1111		CARRIER NAME Any Insurance Co.		CARRIER NO. 999	CLAIM NO. 77777	CARD SERIAL NO. 655	AGE AT ACC. DATE 20	
INSURED X.Y.Z. Electric Company				INJ. AT 1ST REPORT 2	AVG. WEEKLY WAGE 432.20	LOSS COV. 61	ACCIDENT DATE 08-27-76	
WORKER'S NAME John Jones				OCCUPATION Lineman		DATE OF DEATH -		
CAUSE OF ACCIDENT Was knocked off pole, fell, tangled in electrical wires								
INJURY DESCRIPTION CODE 2028	DATE CLAIM FILED 08-30-76	SEX 1	MARITAL STATUS 1	EMPLOYMENT STATUS AT DATE CLAIM FILED 3				
BENEFICIARIES				CALCULATIONS				
PRIMARY 1	SEX (M/F) 1	DATE OF BIRTH 6-30-56	AGE 22	REASON FOR TERMINATION OF BENEFITS	Annual Benefit 52 x 282 = 14,664 Present Value from Table II = 23,250 Present Value future Payments = 340,938 Voc. Rehab. 287.13 x 14 wks. = 4,020			
OTHER								
				1. INDEMNITY PAID TO VALUATION DATE (EXCLUDING TEMPORARY TOTAL SHOWN IN LINE 1)				38,151
				2. PRESENT VALUE OF FUTURE INDEMNITY PAYMENTS				340,938
				3. TEMPORARY TOTAL INCURRED				-
				4. FUNERAL ALLOWANCE IF APPLICABLE				-
				5. TOTAL INDEMNITY INCURRED (1) + (2) + (3) + (4)				383,109
REMARKS				6. VOCATIONAL REHABILITATION COSTS INCURRED (INCLUDED IN LINE 5)				4,020
				7. MEDICAL SUMMARY	AMOUNT PAID TO VALUATION DATE 104,413	TOTAL MEDICAL 250,000		
FAT DATE OF VALUATION (TERMINATION IF APPLICABLE)								

ILLUSTRATION 6 — Sheet 4 — Individual Claim Report; Other than Pension; Permanent Partial Disability due to Occupational Disease.

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	CLAIMS OTHER THAN PENSION	STATE	STATE NO.	ADM. FILE NO.
7539	10-01-75	3	04-01-79	9	Any	55	Leave Blank
POLICY NUMBER WC 1111		CARRIER NAME Any Insurance Co.		CARRIER NO. 999	CLAIM NO. 77834	CARD SERIAL NO. 655	AGE AT ACC. DATE 27
INSURED X.Y.Z. Company				INJ. AT 1ST REPORT 6	AVG WEEKLY WAGE 187	LOSS COV. 14	ACCIDENT DATE 04-02-76
WORKER'S NAME Jack James				OCCUPATION Lineman			
CAUSE OF ACCIDENT Rash on hands, neck, face							
INJURY DESCRIPTION CODE	DATE CLAIM FILED	SEX	MARITAL STATUS	EMPLOYMENT STATUS AT DATE CLAIM FILED			
6400	05-06-76	1	1	1			
IF NOT EMPLOYED, DATE WHEN EMPLOYMENT ENDED				SPECIFIC OCCUPATIONAL DISEASE Occupational Dermatitis			
KIND OF PAYMENT		PERCENT DISABILITY	MEMBER INVOLVED	TOTAL WEEKS PAYABLE	TOTAL INCURRED LOSSES		
(A) SPECIFIC INDEMNITY					-		
(B) TOTAL DISABILITY		XXX	XXX		-		
(C) ALL OTHER		XXX	XXX	3	251		
(D) TOTAL INDEMNITY (A)+(B)+(C)		XXX	XXX	XX	251		
(E) VOCATIONAL REHABILITATION COSTS		XXX	XXX		-		
(F) MEDICAL		XXX	XXX	XX	125		
AMOUNT PAID TO VALUATION DATE: INDEMNITY				251	MEDICAL 125		
REMARKS							

FORM 24-77

ILLUSTRATION 6 — Sheet 5 — Loss Correction Report; Revision of loss amounts because of subrogation.

As mentioned in illustration 3 a subrogation recovery is considered to be a revision of losses and not a revaluation, therefore a correction report is filed.

This particular correction report must be accompanied by a corrected individual claim report since the claim was previously terminated.

Note that the notation "12" has been entered in the "Loss Cov." column.

REPORT	POLICY NUMBER	STATE	STATE NO.	CARRIER	CARRIER REVISED CARD NO.	ADM. FILE NO.			
C-3	WC 1111	Any	55	Any Insurance Company	999 60	Leave Blank			
EFFECTIVE DATE	TERM	EXPIRATION DATE	INSURED	GRID CARD SERIAL NO.					
10-01-75		09-30-76	X.Y.Z. Company (Address Optional)	655					
COND									
PREVIOUSLY REPORTED*				REVISED*					
CLAIM NUMBER OR NUMBER OF CLAIMS PREVIOUSLY REPORTED	ACCIDENT DATE OR REVISED NUMBER OF CLAIMS	CLASS CODE	INDEMNITY	MEDICAL	LOSS COV.	CLASS CODE	INDEMNITY	MEDICAL	LOSS COV.
77742	10-04-75	7539 1	29,776	452	11	7539 1	20,026	202	12
12	12	TOTAL	429,574	250,952	XXX	TOTAL	419,824	250,702	XXX

INDICATE INDIVIDUAL ITEMS WHERE THERE HAS BEEN A CHANGE IN ANY OF THE DATA PREVIOUSLY REPORTED. ALL "TOTALS" MUST INCLUDE ALL ITEMS INCLUDING THOSE THAT REMAIN UNCHANGED.

LOSS CARD

ILLUSTRATION 6 — Sheet 6 — Termination Report; Fatal Pension Claim adjusted due to subrogation.

Note that this report was necessary only because the indemnity amount was revised from a previous reporting which was accompanied by a termination report.

Note that the total indemnity and total medical as shown will not correspond to the revised values of the correction report shown in sheet 5. These values are to be displayed on the opposite side of the individual claim report.

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	PENSION CLAIMS	STATE	STATE NO.	ADM FILE NO.
7539	10-01-75	C-3	09-01-79	1	Any	55	Leave Blank
POLICY NUMBER WC 1111		CARRIER NAME Any Insurance Co.		CARRIER NO. 999	CLAIM NO. 77742	CARD SERIAL NO. 655	AGE AT ACC. DATE 37
INSURED X.Y.Z. Electric Company				INJ. BY 1	AVG WEEKLY WAGE 202	LOSS COV. 12	ACCIDENT DATE 10-04-75
WORKER'S NAME Joe Green				OCCUPATION Truckdriver		DATE OF DEATH 10-4-75	
CAUSE OF ACCIDENT Auto collided with truck							
INJURY DESCRIPTION CODE 1007	DATE CLAIM FILED 10-05-75	SEX 1	MARITAL STATUS 1	EMPLOYMENT STATUS AT DATE CLAIM FILED 3			
BENEFICIARIES				CALCULATIONS			
PRIMARY	SEX (M/F) 2	DATE OF BIRTH 1-1-40	AGE 39	REASON FOR TERMINATION OF BENEFIT 2	Weekly Benefit = 162		
OTHER					Total Weeks Payable = 173		
					Total Value of Payments = 28,026		
					State Fund Payment = 1,000		
				1. INDEMNITY PAID TO VALUATION DATE (EXCLUDING TEMPORARY TOTAL SHOWN IN LINE 1)			28,026
				2. PRESENT VALUE OF FUTURE INDEMNITY PAYMENTS			-
				3. TEMPORARY TOTAL INCURRED			-
				4. FUNERAL ALLOWANCE IF APPLICABLE			750
				5. TOTAL INDEMNITY INCURRED (1) + (2) + (3) + (4)			29,776
				6. VOCATIONAL REHABILITATION COSTS INCURRED (INCLUDED IN LINE 5)			-
REMARKS Remarriage				7. MEDICAL SUMMARY		AMOUNT PAID TO VALUATION DATE 452	TOTAL MEDICAL 452
FAT DATE OF VALUATION (TERMINATION IF APPLICABLE)							

ILLUSTRATION 6 — Sheet 7 — Reverse side of Individual Claim Report from sheet 6.

SUBROGATION REPORTING

	TOTAL	INDEMNITY	PERCENT OF TOTAL	MEDICAL	PERCENT OF TOTAL
Gross Incurred Costs*	30,228	29,776	99%	452	1%
Subrogation Received	10,000				
Cash Recovery**					
Future Credit***					
Gross Recovery					
Claim Expense					
Net Recovery	10,000				
Net Cost****	20,228	20,026	99%	202	1%

- * Value of the claim had there been no recovery.
- ** Cash Recovery should include the actual gross cash received.
- *** Future Credits are the credits against outstanding payments that would otherwise have had to be made if there were no subrogation recovery.
- **** This credit can not exceed the amount of the outstanding payments.
- ***** The division of the Net cost between Indemnity and Medical is to be shown on the accompanying Unit Report.

Form 23 77

INDEX

	Section-Item	Page
A		
Abrasive or Sand Blasting Experience	VIII-2D	18
Accident Date	IV-2	7
	V-B18	12
Additional Medical Coverage	IIIA-A1	6
Administration File Number	II-7	4
	V-B8	12
Advance Reports	I-4a	2
Age at Date of Accident	V-B13	12
Aircraft Operation	IIIA-A2	6
Aircraft Operation Losses	IV-21	11
Appendix—Illustrations		I thru 11
Assigned Risk Plan	IIIA-B5	7
Atomic Energy Commission Projects	VIII-4	18
Average Weekly Wage	V-B16	12
B		
Basis of Liability (Loss Coverage)	IV-18	11
Beneficiaries	V-C2	13
C		
Calculations	V-C3	13
Card Serial Number	II-6	4
	V-B11	12
Advance Reports	I-4a	2
Transmittal Form	I-8b	3
Subsequent Reports	VI-B4	15
Carrier	V-B10	12
Abbreviation	II-4	4
Number	II-5	4
Catastrophe Number	IV-23	11
Cause of Accident	V-B21	12
Changes in Plan	Intro. 3	1
Charges for Higher Limits—Coverage B	IIIA-5	6
Claim Number	IV-1	7
	V-B12	12
Class Code	III-2	5
	IV-3	7
	V-B2	12
Clinical Medical	IV-14	8
Closed Claims	IV-17	11
Coal Mine Risks	VIII-5	18
Condition Codes	II-10	4
Contract Medical	IV-12	8
Correction Reports (C Reports)	VI-A1	14a ★
Coverage Codes, Exposure	III-1	4
Coverage Codes, Loss	IV-18	11
Coverage B Losses	IV-16b	10
D		
Date, Numeric Designation of	I-9	3

	D	Section-Item	Page
Filing		I-4	2
		V-B23	12
Valuation		I-4	2
		V-B5	12
Effective		II-8a	4
Expiration		II-8c	4
Accident		IV-2	7
		V-B18	12
Death		V-C1	13
End of Employment		V-B27	13
Death		IV-5	7
Dependents		V-C2	13
Disease Losses		VIII-2	17
E			
Economic Opportunity Act		III A-A10	7
Effective Date, of Plan		Intro. 2	1
Of Policies		I-4	2
		II-8	4
		V-B3	12
Of Changes in Plan		Intro. 3	1
Of Modification		IX-C-5i	21
Of Rate		IX-C-5j	21
Emergency Relief or Unemployment Employees		III A-A9	7
		VIII-6	18
Employment Status		V-B26	12
Excess Insurance		VIII-7	19
Expense Constant		III A-B1	7
Experience Modification		III-6d	6
Experience Rated Risks		I-3	2
Form of Report for		I-3a	2
Advance Reports for		I-4a	2
Expiration Date		II-8c	4
Exposure		III	4
Other than Payroll		III-4	5
Passenger Seat		III-4b	5
Payroll		III-3	5
Per Capita		III-4a	5
Strike Duty		III-4c	5
Disease		VIII-2	17
Exposure Coverage (Exp. Cov.)		III-1	4
F			
Filing Date		I-4	2
		V-B23	12
Flat Increase on Outstanding Policies		III A-A8	7
Forms		I-2	2
		V-B1	12
Foundry Experience		VIII-2D	18
G			
Governing Classification		III-2a	5

	Section-Item	Page
I		
Identification Data	II	3
Illustrations	Appendix	1 thru 11
Incurred Losses	IV-16	9
Individual Reports	V	12
When Not Required	I-4a	2
When Required	V-A	12
Instructions	V-B	12
Pension Claims	V-C	13
Claims Other than Pension	V-D	13
Injury Type	IV-4	7
	V-B6	12
Injury Description Code	V-B22	12
Insured	II-9	4
	V-B14	12
Introduction	Intro.	1
J		
Jurisdictions where Applicable	Intro. 1, 4	1
L		
Legal Expense	IV-15	8
Loss Constant	III A-32	7
Loss Coverage (Loss Cov.)	IV-18	11
	V-B17	12
Losses	IV	7
Revaluation of	VI-B3	15
Lump Sum Claims	IV-20	11
M		
Magnetic Tape Reporting	IX	19
Manual Rate	III-5	5
Medical	IV-10	8
Medical Only (Non-Compensation Medical)	IV-11	8
Contract Medical	IV-12	8
Plant Hospital Contribution	IV-13	8
Clinical Medical	IV-14	8
Medical Expense	IV-15	8
Multiple Year Policies	VIII-1	17
N		
National Defense Projects Rating Plan	VIII-3	18
Non-Compensable Medical	IV-11	8
Number of Claims	IV-2	7
O		
Occupation	V-B20	12
Open Claims	IV-17	11
P		
Passenger Seat Exposure	III-4b	5
	III A-A2	6

P	Section-Item	Page
Payroll—Exposure	III-3	5
Pension Claims	V-C	13
Pension Table I—Widow's	IV-16	9
Pension Table II—Other than Widow's	IV-16	10
Pension Table, Escalation Supplements	IV-16	Exception pages
Per Capita	III-4a	5
Permanent Partial	IV-7	8
Permanent Total	IV-6	7
Plant Hospital Contributions	IV-13	8
Policy Number	II-2	3
	V-B9	12
Premium	III-6	5
Uncollectible	I-7	3
Manual Classification	III-6a	5
Miscellaneous	III-6b	5
	III A	6
Discount	III-6e	6
Surcharge	III A-A2	6
Higher Limits Under Coverage B	III A-A5	6
Disease	VIII-2B	17
R		
Radiation Exposure	VIII-4	18
Atomic Energy Commission Projects	VIII-4	18
Coverage	IV-18	11
Rate	III-5	5
Record Specifications (Magnetic Tape)	IX-C	20
Rehabilitation, Physical	IV-10b	8
Rehabilitation, Vocational	IV-16	9
	IV-18	11
Reinsurance	I-6	3
Remarks (Individual Report)	V-B30	13
Report Number	II-1	3
	V-B4	12
Retrospective Rated Risks	I-3	2
Form of Report	I-3b	2
Advance Report	I-4a	2
S		
Scope of Report	I-1	2
Serial Card Numbers	See Card Serial Number	
Short Rate Penalty	III A-A7	7
State	II-3a	3
Abbreviation	II-3b	3
Number	II-3b	3
	V-B7	12
Statistical Codes	III A	6
Strike Duty—Exposure	III-4c	5
Detective or Patrol Agencies	III A-A3	6
Labor Unions	III A-A4	6
Losses	IV-22	11
Subrogation Claims	IV-19	11
Subrogation—Waiver	III A-A6	7

	Section-Item	Page
S		
Subsequent Reports	VI	14a ★
Three Year Fixed Rate Policies	VII-4	17
T		
Table I and II	See Pension Table	
Tape Specifications (Magnetic Tape)	IX-B	20
Temporary Partial	IV-8	8
Temporary Total	IV-8	8
Term of Policy	II-8b	4
Termination Reports	V-A	12
	V-B29	13
	V-C	13
Three Year Fixed Rate Policies	VII	15
Magnetic Tape Basis	VII-C	17
Schedule Z Basis	VII-A	15
Unit Report Basis	VII-B	16
Transition Program Credit	IIIA-B4	7
Transmittal, Method of	I-8	3
Type of Injury	IV-4	7
U		
Uncollectable Premiums	I-7	3
Unemployment or Emergency Relief		
Employees	IIIA-A9	7
	VIII-6	18
V		
Valuation Date	I-4	2
	V-B5	12
First Report	I-4	2
Advance Reports	I-4	2
Multiple Year Policies	VIII-1	17
Three Year Fixed Rate Policies	VII-A2	16
	VII-B2	17
Subsequent Reports	VI-A2	14a ★
	VI-B3	15
W		
Widow's Pension Table	See Pension Table	
Workers Name	V-B19	12

- d. Code 0071—Employers' Liability Coverage Subject to a Standard Limit of Liability of \$5,000 per Person and \$10,000 per Accident for coverage up to and including a limitation of \$100,000/ \$100,000.
- e. Code 0072—Employers' Liability Coverage Subject to a Standard Limit of Liability of \$5,000 per Person and \$10,000 per Accident for any coverage in excess of a limitation of \$100,000/\$100,000.

In instances where the excess premium resulting from application of the appropriate limit factor to total premium is less than the corresponding minimum premium for such higher limits, the corresponding minimum premium shall be shown opposite the appropriate code.

- 6. Waiver of Subrogation Premium—Code 0930.
 - 7. Short Rate Penalty Premium—Code 0931.
 - 8. Additional Premium Resulting from Flat Increase on Outstanding Policies—Code 0998.
 - 9. Unemployment or Emergency Relief Employees—Code 9408.
 - 10. Additional Benefits Coverage—Economic Opportunity Act—Code 9923.
 - 11. Broad Form All States Coverage—Code 0155.
- B. Premium Not Subject to Experience Rating** to be reported on lines "D", "E", "F" or "G".
- 1. Expense Constant—Code 0020.
 - 2. Loss Constant—0032.
 - 3. Required to Balance to Risk Minimum Premium—Code 0990. This amount should not include loss and expense constants.
 - 4. Premium Credit Under Payroll Limitation Transition Program—Code (0076). The code number must be shown in parentheses.
 - 5. Premium Surcharge—Assigned Risk Plan—Code 0077.

West Portland & State Insurer
SECTION IV—LOSSES.

1. Claim Number. (a) Each claim on which the total loss (indemnity and medical combined) is greater than \$2,000 must be listed individually with the appropriate claim number.

(b) At the option of the carrier all other claims may be listed individually or may be grouped by manual classification and by type of injury within each manual classification. The number of claims within each group shall be entered in the column captioned "Accident Date or Number of Claims." In counting the number

of claims, claims closed without payment shall be omitted. If one or more claims within the group are open such group shall be considered as open, and revised experience shall be reported in accordance with the rules of this Plan. If the grouping option is elected, claims must be grouped separately according to loss coverage codes as designated in Section IV, Item 18.

(c) If the carrier reports on magnetic tape, refer to Section IX, Subsection A.

2. Accident Date or Number of Claims. For claims which are listed individually, the entering or the accident date is optional with the carrier. Where a number of claims are summarized by group in accordance with Section IV, Item 1 (b) above, the number of claims MUST be shown in lieu of the accident date.

3. Class Code. In this column, show the classification code number to which the claims have been assigned. No claims may be assigned to any classification unless premium also has been reported for that class. In cases where losses have been incurred under the benefits of a state other than where the payroll is assigned, the carrier will report the claim in the state where the payroll is assigned, identifying the claim in the loss coverage column by the number "43" as designated in Section IV, Item 18.

4. Injury (Inj.) The kind of injury is to be indicated in this column by means of the following numbers:

- 1—Death
- 2—Permanent Total Disability
- 5—Temporary Total or Temporary Partial Disability
- 6—Medical Only Claims
- 7—Contract Medical or Hospital Allowance
- 9—Permanent Partial Disability

Where the Compensation Law specifies that, in connection with certain types of injury, a specified amount shall be paid into special funds, such as a second injury fund, and that such amounts are in addition to the compensation payable to the injured or the dependents, then the combined total amount shall be reported as incurred indemnity losses in the Unit Report. Examples are (1) payments in no dependent death claims and (2) a specified percentage of the permanent partial award. However, any special payments to the states which are assessed on total premium writings or total losses paid or incurred, instead of on a per claim basis, shall not be reported under this plan.

5. Death. Enter each death claim, unless it has been established that the carrier has incurred no liability. The amount entered as indemnity incurred shall include all paid and outstanding benefits, including compensation paid to the deceased prior to death, burial expenses and payments to the State.

6. Permanent Total. Enter as permanent total each claim which has been adjudged to constitute permanent total disability or which is defined as such under the law, or which in the judgment of the carrier will result in permanent total disability.

7. Permanent Partial. (a) Enter as permanent partial every permanent injury which does not involve permanent total disability. (b) Also enter as permanent partial every case not involving permanent total disability on which temporary total or temporary partial benefits are paid or incurred, (1) if the duration of temporary disability benefits exceeds or is expected to exceed one full year, (2) if a lump sum settlement was required or in the judgment of the carrier will be required, to resolve the question of liability for future payments, or (3) if the extent of liability for future payments in the judgment of the carrier is indeterminate.

The amount entered as indemnity incurred shall include specific benefits and compensation for temporary disability as well as loss of earning capacity.

8. Temporary Total or Temporary Partial Disability. Enter as temporary every case which involves or is expected to involve indemnity benefits but which does not constitute a case of death, permanent total or permanent partial as defined above.

9. Penalties for Delays in Making Compensation Payments. Penalties for which the carrier is liable for reasons beyond its control and which accrue as benefits to the injured workman or his dependents, such as for interest on awards or for penalties imposed upon the employer for improper controversion of awards, shall be chargeable to indemnity losses and so reported; other penalties shall be chargeable to claim expenses.

10. Medical on Compensable Claims.

(a) Opposite each of the above types of compensable claims, enter in the column captioned "Medical" the medical losses incurred in connection with such claim.

(b) Medical losses shall include all payments to doctors and hospitals as well as physical rehabilitation costs and reserves for future payments but shall not include any claim expense. In this connection, refer also to Section IV, Item 14 following for clinical medical.

11. Medical Only Claims. When reporting medical only losses, make no entry in the column captioned "Indemnity" and enter the number "6" in the column captioned "Inj."

12. Contract Medical. Contract medical costs which cannot be allocated to individual claims shall be reported in the aggregate in the column captioned "Medical". Such medical shall be assigned to the governing classification of the risk and shall be designated by the number "7" in the column captioned "Inj.". Contract medical costs allocated to individual claims shall be reported in connection with these claims and shall not be included in the amount reported as contract medical. The amount reported as contract medical shall be the actual incurred cost to the company for such medical contracts, including payments to physicians and hospitals under contract.

13. Plant Hospital Contributions. If the carrier fur-

nishes first aid equipment or contributes to the cost of plant hospitals maintained by the insured or pays the salaries, in whole or in part, of medical personnel or in any other way contributes to the cost of medical facilities maintained by the insured, such contributions shall be reported in the column captioned "Medical".

If the carrier loans hospital equipment to the insured, 20% of the replacement cost new shall be treated as actual losses paid for each year during which such equipment is on loan and also shall be reported in the column captioned "Medical".

Contributions reported pursuant to this rule shall be assigned to the governing classification of the risk and shall be designated by the number "7" in the column captioned "Inj."

14. Clinical Medical. When a carrier maintains a medical clinic, the cost of each treatment given shall be charged against the individual risk in accordance with a fixed schedule of charges per treatment and such costs shall be assigned to the proper manual classifications. The schedule of charges may distinguish between types of treatment, and shall apply without exception to all risks with cases treated by the clinic, and shall be frequently revised and adjusted if necessary so that the total charges for a given period will be equivalent to the total cost of maintaining the clinic, including salaries, rent, light, heat, depreciation of equipment, cost of supplies, etc.

15. Medical or Legal Expense. Medical or legal expenses incurred for the benefit of the carrier to secure evidence for presentation before an official body shall be treated as adjusting expenses and not reported except as respects Coverage B allocated loss adjustment expense as explained in Section IV, Item 16(b).

The following are a few examples that should be charged to expense rather than to losses:

1. Medical examinations of a claimant on behalf of the carrier to determine liability.
2. Cost of securing birth and death certificates.
3. Cost of performing autopsies.
4. Impartial examinations by Industrial Board.
5. Expert testimony of physicians on behalf of carriers, or fees paid to the claimant's physician called in by the carrier.

NOTE: Where the claimant calls in the attending physician to give medical testimony in his behalf, or where the carrier is required to produce the claimant's physician at the hearing and the employer or the insurance carrier is required to pay such a physician's fee, the payment of the fee shall be reported as a medical loss.

When an award to a claimant includes the cost of witness fees, attorney fees, and other court costs, the amount so awarded shall be considered as part of the cost of benefit and shall be included with the indemnity reported. With respect to claims brought by persons

against whom an employee has brought a third party common law action, such special costs shall be reported as an indemnity loss whether or not a recovery is made against the third party by the employee.

16. Incurred Losses. (a) Workmen's Compensation and Voluntary Compensation. Enter the total of all paid and outstanding compensation including payments to special funds such as a second injury fund in the column captioned "Indemnity," and the total of all paid and outstanding medical in the column captioned "Medical." The outstanding cost shall be the company's individual claim estimates of future payments, except: (1) in valuing a widow's benefits in Death claims where benefits are not limited by duration or aggregate amount but are payable to the widow until her death or remarriage the following Table I shall be used, (2) in valuing the portion of the reserve

for certain death claims where there is no widow, but a parent, brother or sister where benefits are payable for life the following Table II shall be used and (3) in valuing the disabled life portion of the reserve for a Permanent Total claim where benefits are payable for life the following Table II shall be used. Expenses, any general allowances for contingencies, and any supplemental non-statutory benefits not otherwise provided for in this plan must be excluded. Precautionary reserves in excess of the amount shown on the final settlement receipt as filed, at completion of all compensation payments, with the Industrial Commission or other body having jurisdiction over workmen's compensation claims, shall not be included in the amount of losses reported under the Unit Statistical Plan. Vocational rehabilitation costs and reserves for future payments shall be included as part of the amount entered as incurred indemnity.

TABLE I
WIDOW'S PENSION TABLE†
(Present Value of \$1.00 per annum payable until death or remarriage.)

Age	Present Value	Age	Present Value	Age	Present Value
20	7.715	46	17.035	72	8.762
21	8.360	47	16.907	73	8.359
22	9.031	48	16.743	74	7.958
23	9.717	49	16.559	75	7.565
24	10.404	50	16.373	76	7.176
25	11.071	51	16.148	77	6.791
26	11.726	52	15.903	78	6.415
27	12.365	53	15.654	79	6.047
28	12.973	54	15.365	80	5.694
29	13.564	55	15.084	81	5.357
30	14.129	56	14.780	82	5.038
31	14.655	57	14.470	83	4.733
32	15.135	58	14.141	84	4.437
33	15.573	59	13.788	85	4.139
34	15.964	60	13.448	86	3.859
35	16.300	61	13.078	87	3.601
36	16.592	62	12.693	88	3.365
37	16.836	63	12.340	89	3.149
38	17.009	64	11.950	90	2.951
39	17.141	65	11.555	91	2.780
40	17.228	66	11.179	92	2.620
41	17.270	67	10.780	93	2.493
42	17.281	68	10.380	94	2.373
43	17.258	69	9.968	95	2.268
44	17.220	70	9.577		
45	17.145	71	9.170		

1960 U.S. Life Tables—white females—U.S. Employees' Compensation Remarriage Tables—3.5% Interest.

† Applicable to all losses incurred under Policy Year 1973 first and subsequent reports; all losses incurred under Policy Year 1972 second and subsequent reports; all losses incurred under Policy Year 1971 third and subsequent reports; all losses incurred under Policy Year 1970 fourth and subsequent reports; and all losses incurred under Policy Year 1969 fifth reports.

EXAMPLE 1 USE OF WIDOW'S PENSION TABLE

Find the incurred indemnity loss to be reported when benefits are payable to a widow until her death or remarriage.
Date of Accident and Death: 9-17-73

Weekly Benefit Payable: \$76.00 Policy Effective: 1-1-73/12-31-73
Widow's Birth Date: 2-18-41

Calculations:	1st Report	2nd Report
1. Valuation date	7-1-74	7-1-75
2. Widow's age nearest valuation date	33	34
3. Annual benefit (\$76 × 52 weeks)	3,952	3,952
4. Present value of \$1.00 per year (From Table I)	15.573	15.964
5. Present value of future payments (3) × (4)	61,544	63,090
6. Payments since 9-17-73 at \$76.00	3,116	7,068
7. Funeral allowance	750	750
8. Total incurred indemnity loss (5) + (6) + (7)	65,410	70,908

(b) The rules of this section apply to Coverage B employers' liability claims, except as follows:

Coverage B employers' liability losses include allocated loss adjustment expenses, as defined herein. The entire amount of losses and allocated loss adjustment expenses shall be reported as incurred losses, in the Unit Report. Coverage B allocated loss adjustment expenses represent the following expenses of a carrier, in connection with claim settlements, which can be directly allocated to a particular claim:

1. Attorney's fees for claim in suit.
2. Court and other specific items of expense such as:
 - Medical examination to determine the extent of company's liability
 - Expert medical or other testimony

- Laboratory and X-Ray
- Autopsy
- Stenographic
- Witnesses and Summonses
- Copies of Documents

The following shall not be included as allocated loss adjustment expense:

1. Salaries and traveling expenses of company employees (other than amount allocated as attorney's fees for claims in suit)
2. Overhead
3. Adjusters fees (fees paid to independent adjusters, or attorneys, for adjusting claims).

TABLE II
PENSION TABLE (OTHER THAN WIDOW'S)†
 (Present Value of \$1.00 per annum payable until death.)

Age	Present Value	Age	Present Value	Age	Present Value
13	24.640	41	18.808	69	9.260
14	24.496	42	18.511	70	8.902
15	24.351	43	18.209	71	8.546
16	24.203	44	17.902	72	8.191
17	24.053	45	17.590	73	7.838
18	23.900	46	17.273	74	7.487
19	23.744	47	16.951	75	7.140
20	23.583	48	16.625	76	6.796
21	23.419	49	16.295	77	6.454
22	23.250	50	15.963	78	6.117
23	23.076	51	15.629	79	5.787
24	22.896	52	15.294	80	5.467
25	22.710	53	14.955	81	5.162
26	22.516	54	14.613	82	4.875
27	22.315	55	14.266	83	4.602
28	22.107	56	13.916	84	4.335
29	21.892	57	13.561	85	4.066
30	21.671	58	13.203	86	3.810
31	21.444	59	12.844	87	3.570
32	21.209	60	12.486	88	3.345
33	20.968	61	12.128	89	3.136
34	20.721	62	11.770	90	2.946
35	20.467	63	11.412	91	2.776
36	20.206	64	11.054	92	2.624
37	19.938	65	10.696	93	2.490
38	19.664	66	10.337	94	2.372
39	19.384	67	9.978	95	2.266
40	19.099	68	9.618		

1960 U.S. Life Tables—Total Population—3.5% Interest.

† Applicable to all losses incurred under Policy Year 1973 first and subsequent reports; all losses incurred under Policy Year 1972 second and subsequent reports; all losses incurred under Policy Year 1971 third and subsequent reports; all losses incurred under Policy Year 1970 fourth and subsequent reports; and all losses incurred under Policy Year 1969 fifth reports.

EXAMPLE II USE OF PENSION TABLE (OTHER THAN WIDOW'S)

Find the incurred loss to be reported when benefits are payable to an injured employee for life due to a permanent total disability.

Date of Accident: 5-30-73

Weekly Benefit Policy Effective 1-1-73/12-31-73
 Payable: \$84.00 Employee's Birth Date: 10-21-39

Calculations:	1st Report	2nd Report
1. Valuation date	7-1-74	7-1-75
2. Employee's age nearest valuation date	35	36
3. Annual benefit (\$84.00 × 52 weeks)	4,368	4,368
4. Present value of \$1.00 per year (From Table II)	20.467	20.206
5. Present value of future payments (3) × (4)	89,400	88,260
6. Payments since 5-30-73 at \$84.00	4,704	9,072
7. Total incurred indemnity loss (5) + (6)	94,104	97,332

17. **Open or Closed.** Open claims shall be designated by the number "0" and closed claims by the number "1" (indicating final payment made) in the column captioned "Open or Closed".

18. **Loss Coverage (Loss Cov.)** Losses incurred on any of the bases described below shall be identified by the following appropriate codes in the column captioned "Loss Cov.". In cases where the indemnity involves vocational rehabilitation costs and reserves, the code which would otherwise have applied shall be increased by fifty and the resulting code shall be reported (e.g. State Act - Trauma - Vocational Rehabilitation use Code 61).

Code	Basis of Liability
11 State Act	—Trauma
12 State Act	—Trauma—Subrogation
13 State Act	—Trauma—Liability Over
14 State Act	—Disease Loss
15 State Act	—Disease Loss— Subrogation
16 State Act	—Disease Loss— Liability Over
17 State Act	—Cumulative Injury
18 State Act	—Cumulative Injury— Subrogation
19 State Act	—Cumulative Injury— Liability Over
21 U.S.L.	—Trauma
22 U.S.L.	—Trauma—Subrogation
23 U.S.L.	—Trauma—Liability Over
24 U.S.L.	—Disease Loss
25 U.S.L.	—Disease Loss— Subrogation
26 U.S.L.	—Disease Loss— Liability Over
27 U.S.L.	—Cumulative Injury
28 U.S.L.	—Cumulative Injury— Subrogation
29 U.S.L.	—Cumulative Injury— Liability Over
31 Employers' Liability	—Trauma
34 Employers' Liability	—Disease Loss
37 Employers' Liability	—Cumulative Injury
41 Admiralty Benefits Payable	
42 F.E.L.A. Benefits Payable	
43 Benefits based on law of other state—report in state where payroll is assigned.	
96-99 Reserved for Carrier Use	

19. **Subrogation Claims.** In all cases where there has been recovery of loss under subrogation rights, each claim shall be included at a figure equal to the net liability incurred. The net liability incurred shall be determined by deducting from the incurred cost prior to recovery, the amount recovered through subrogation less any expenses incurred in connection with such recovery. However, in cases where the expenses incurred in connection with such recovery exceed the amount recovered, the net amount of loss reported shall not exceed the gross amount of loss prior to recovery. Furthermore, the net liability incurred shall be apportioned to indemnity and medical in the same proportion as existed in the gross incurred cost.

20. **Lump Sum Claims.** Where a claim involves a lump sum representing the discounted or commuted value of a specific award or benefit, subdivide the amount according to indemnity and medical. In instances where this cannot be readily determined, report amounts which the carrier believes to be the most likely breakdown.

21. **Aircraft Operation Losses.** Losses incurred in connection with employees of the risk other than members of the flying crew, shall not be reported by classification but shall be assigned to Statistical Code 0088, provided such losses arise out of the operation of aircraft subject to a passenger seat surcharge.

22. **Losses While on Strike Duty.** Losses incurred while on strike duty in connection with Code 7720—Detective or Patrol Agencies shall not be reported by classification but shall be assigned to Statistical Code 0111. Similarly losses incurred while on strike duty in connection with Code 8755—Labor Unions shall be assigned to Statistical Code 0112.

23. **Catastrophes Number (Cat. No.)** Any accident resulting in two or more reported claims where the total amount of the loss (indemnity and medical combined) exceeds \$10,000 must be reported as a catastrophe. In reporting catastrophes, all claims (compensable as well as non-compensable and contract medical) resulting from this accident shall be designated by placing the numeral "1" in the column captioned "Cat. No." opposite each such claim. If there is more than one catastrophe under the policy, each succeeding catastrophe should be designated by means of a separate serial number "2", "3", etc. A separate series of catastrophe numbers shall be used for each policy.

24. **Totals.** The total number of claims and the sum of the indemnity and medical amounts for claims listed individually and reported in groups shall be entered on the line captioned "Totals."

SECTION V—INDIVIDUAL REPORTS.

A. Claims on Which Required. Individual claim reports shall be filed for the following:

1. Any disability claim payable until death.
2. Any death claim.
3. Any claim where the incurred indemnity amount exceeds the state statutory maximum.
4. Any cumulative injury claim (See Section IV, Item 18).
5. Any disease claim (See Section IV, Item 18).
6. Any pension claim where a previously eligible primary beneficiary ceases to be eligible for benefits.
7. Any claim where the indemnity amount includes payments or reserves for vocational rehabilitation.

Individual claim reports shall be filed concurrently with the submission of individual risk experience. Individual claim reports in connection with subsequent reportings of experience are required if the incurred indemnity amounts, the classification code, or the type of injury changes from the previous reporting. In addition, termination reports are required for all pension claims upon the death of a widow(er) or other recipient of life pension benefits, upon the remarriage of a widow(er) or upon the lump sum settlement of a life pension claim. Such reports shall be filed regardless of whether a unit report submission is required and shall continue to be submitted until such time as all required benefits have been paid.

B. General Instructions for Reporting Information on Individual Claim Reports. ALL INFORMATION ON THE INDIVIDUAL CLAIM REPORT MUST AGREE WITH THE CORRESPONDING INFORMATION SHOWN ON THE UNIT REPORT.

1. **Forms.** For individual reports use Form 24-77 except for pension claims. Use Form 23-77 for normal evaluations and for termination reports on pension claims.

2. **Class Code.** Same as Unit Report.
3. **Effective Date.** Same as Unit Report.
4. **Report.** Same as Unit Report unless such report is a termination report subsequent to a fifth reporting. In these instances enter a six (6).
5. **Date of Valuation.** The date of valuation MUST be entered on every individual claim report. If the claim was closed before the date of valuation, insert the date on which the carrier closed the file on the claim.
6. **Injury (Inj.)** Enter the type of injury as shown on the Unit Report for the current reporting.
7. **State—State No.** Same as Unit Report.
8. **Adm. File No.** Make no entry in this space.
9. **Policy Number.** Same as Unit Report.
10. **Carrier—Carrier No.** Same as Unit Report.
11. **Card Serial No.** Same as Unit Report.

12. **Claim Number.** Same as Unit Report.

13. **Age at Acc. Date.** Enter the age of the worker to the nearest birthday as of the date of accident.

14. **Insured.** Same as Unit Report.

15. **Inj. at 1st Report.** Enter the type of injury as shown on the first unit statistical reporting.

16. **Average Weekly Wage.** Enter the average weekly wage as computed in accordance with the statutory provisions regarding determination of average wage. The full wage should be reported rather than the wage sufficient to qualify for the maximum weekly compensation.

17. **Loss Coverage.** This entry should be identical with the entry in the Loss Cov. column on the Unit Report as provided in Section IV, Item 18.

18. **Accident Date.** Enter the date of the accident in this space.

19. **Worker's Name.** Enter name of injured or deceased worker.

20. **Occupation.** Give the regular occupation of the worker as precisely as possible, and not the specific activity that the employee was engaged in at the time of the accident. The latter information should be stated under "Cause of Accident".

21. **Cause of Accident.** State briefly but clearly the exact manner in which the accident occurred. In general, a properly described accident will answer the following questions:

(a) Where was the injured employee working at the time of accident; (b) What was he doing; (c) What machinery, appliance, object or circumstance was directly responsible for the accident (immediate cause) and (d) What agency or condition contributed to it (the antecedent or contributing cause).

Example: While inside boiler, inspecting same, someone in boiler house opened valves, letting in steam from other boilers in battery.

NOTE: In cases where disability arose from exposure to disease hazard, indicate this clearly under "Cause of Accident", stating nature of the hazard to which claimant was exposed.

★ 22. **Injury Description Code.** Enter the four-digit code, from the injury description code grid which most accurately describes the conditions of the injury.

23. **Date Claim Filed.** Enter the date at which the application for benefits was filed.

24. **Sex.** Enter the sex of the claimant indicating the digit "1" for a male or the digit "2" for a female.

25. **Marital Status.** Enter the marital status of the claimant as follows: Single—enter "1", Married—enter "2", Separated—enter "3", and Unknown—enter "4".

26. **Employment Status.** Enter the employment status of the claimant on the date the claim was filed from the following: Employed—enter "1", Unemployed—enter

"2", Disabled—enter "3", Retired—enter "4", and Unknown—enter "5".

27. Date Employment Ended. If the claimant was unemployed, disabled or retired at the time the claim was filed, indicate the date when employment ended.

28. Specific Occupational Disease. For all occupational disease claims enter the name of the specific disease contracted.

29. Reason for Termination of Benefits (Form 23-77). For all non-eligible dependents, i.e., dependents to whom benefits have been terminated, enter the reason for termination of benefit payments as follows: Death—enter "1", Remarriage—enter "2", Payment of Full Statutory Award—enter "3", Settlement—enter "4", and Other—enter "5".

30. Remarks. Describe any unusual condition affecting the incurred cost of this claim, e.g., lump sum settlement, etc. In addition, where there are medical examinations or legal expenses refer to Section IV, Item 15 and insert an explanatory note stating the kind and amount of such costs. Include information covering mentally defective dependents, a significant change in dependency status, etc. If the Injury Description Code pertains to one of the "other" primary causes please explain why none of the specific categories apply.

C. Pension Claims—Form 23-77. This form is to be used for all claims involving the use of Table I or Table II as required in Section IV, Item 16. In addition, termination reports shall be submitted on form 23-77 whenever benefits cease to be paid to a primary beneficiary, i.e., upon the death of a widow(er) or other recipient of life pension benefits, upon the remarriage of a widow(er), or upon the lump sum settlement of a life pension claim. Such termination reports shall

be submitted immediately upon termination of benefits if the normal fifth reporting has already been completed or at the next normal unit report valuation if the fifth report has not yet been submitted. The age of beneficiaries who are ceasing to receive benefits is to be the age at date of termination of such benefits.

1. Date of Death. If this form is being used to report a death claim, then enter the date of death in this space.

2. Beneficiaries. Indicate each dependent if a beneficiary under the Act indicating the relationship, the sex, the date of birth, and the age at date of valuation (or at termination date where applicable). Enter the type of beneficiaries and dependents as follows: Claimant—enter "1", Widow—enter "2", Widower—enter "3", Sons and Daughters—enter "4", Brothers and Sisters—enter "5", Mothers and Fathers—enter "6", and Other—enter "7".

3. Calculations. Use this space to show the calculation of present value of future indemnity payments shown on line 1 below. See Section IV, Item 16 for examples of the calculations involving the use of Table I and Table II.

4. Total Indemnity Incurred—Total Medical. These amounts must be identical to the Indemnity and Medical Losses shown in the "Incurred Losses" section of the Unit Report.

D. Claims Other Than Pension—Form 24-77. This form is to be used for all claims except those involving life pensions. Instructions for showing the calculation of the "Total Incurred Losses" are shown on the form. The Total Indemnity and Medical losses shown in the "Total Incurred Losses" column must be identical with the amounts shown in the "Incurred Losses" section of the Unit Report.

111	131	151	171	191	211	231
121	141	161	181	201	221	241
131	151	171	191	211	231	251
141	161	181	201	221	241	261
151	171	191	211	231	251	271
161	181	201	221	241	261	281
171	191	211	231	251	271	291
181	201	221	241	261	281	301
191	211	231	251	271	291	311
201	221	241	261	281	301	321
211	231	251	271	291	311	331
221	241	261	281	301	321	341
231	251	271	291	311	331	351
241	261	281	301	321	341	361
251	271	291	311	331	351	371
261	281	301	321	341	361	381
271	291	311	331	351	371	391
281	301	321	341	361	381	401
291	311	331	351	371	391	411
301	321	341	361	381	401	421
311	331	351	371	391	411	431
321	341	361	381	401	421	441
331	351	371	391	411	431	451
341	361	381	401	421	441	461
351	371	391	411	431	451	471
361	381	401	421	441	461	481
371	391	411	431	451	471	491
381	401	421	441	461	481	501
391	411	431	451	471	491	511
401	421	441	461	481	501	521
411	431	451	471	491	511	531
421	441	461	481	501	521	541
431	451	471	491	511	531	551
441	461	481	501	521	541	561
451	471	491	511	531	551	571
461	481	501	521	541	561	581
471	491	511	531	551	571	591
481	501	521	541	561	581	601
491	511	531	551	571	591	611
501	521	541	561	581	601	621
511	531	551	571	591	611	631
521	541	561	581	601	621	641
531	551	571	591	611	631	651
541	561	581	601	621	641	661
551	571	591	611	631	651	671
561	581	601	621	641	661	681
571	591	611	631	651	671	691
581	601	621	641	661	681	701
591	611	631	651	671	691	711
601	621	641	661	681	701	721
611	631	651	671	691	711	731
621	641	661	681	701	721	741
631	651	671	691	711	731	751
641	661	681	701	721	741	761
651	671	691	711	731	751	771
661	681	701	721	741	761	781
671	691	711	731	751	771	791
681	701	721	741	761	781	801
691	711	731	751	771	791	811
701	721	741	761	781	801	821
711	731	751	771	791	811	831
721	741	761	781	801	821	841
731	751	771	791	811	831	851
741	761	781	801	821	841	861
751	771	791	811	831	851	871
761	781	801	821	841	861	881
771	791	811	831	851	871	891
781	801	821	841	861	881	901
791	811	831	851	871	891	911
801	821	841	861	881	901	921
811	831	851	871	891	911	931
821	841	861	881	901	921	941
831	851	871	891	911	931	951
841	861	881	901	921	941	961
851	871	891	911	931	951	971
861	881	901	921	941	961	981
871	891	911	931	951	971	991
881	901	921	941	961	981	1001

"Revised" losses shall be valued 12, 24, 36 or 48 months, respectively, after the valuation date prescribed for the first reporting. For example, if the valuation date for the first reporting of the risk was July 1, then the valuation date of the second reporting is July 1 of the next following year and the filing is due not later than September 1 of that year.

B—METHOD OF REPORTING.

1. **Exposure and Premium.** Where the exposure previously reported has been changed by reason of an audit, or by a reaudit or any other adjustment affecting classifications, exposure or premiums, a revised report, Form 22P-68, shall be filed showing the amounts reported previously as well as revised amounts for those classifications where there have been changes. Also the lines captioned "A—Total Subject Premium", "B—Experience Modification", and "C—Total Modified Premium", (if these lines have been used on the prior report), together with the Risk Totals—Exposure and Premium, at the bottom of the form, shall be shown as originally reported and as revised. Previous and revised premium discounts, if any, shall also be shown. If the exposure does not change but the risk total premium previously reported is revised due solely to a change in the experience

Edition of 12-1-70

INJURY DESCRIPTION CODES

Use the single code which best describes the primary cause of disability.

	Loss or Impairment of Vision	Brain	Head, excluding Vision and Brain	Heart, Heart Attack	Vascular System, Blood	Lungs, Trachea, Larynx, etc.	Internal Organs, excl. Heart, Lungs	Nervous System, excl. Spinal Cord	Upper Extremities, Shoulders	Lower Extremities, Hips	Back and Neck, excl. Respiratory System	Torso, excl. Back and Internal Organs	Skin, Superficial Injuries	Multiple Body Parts Equally Serious
Disfigurement			102						108	109		111		113
Electric Shock	120	121	122	123		125			128	129		131	132	133
Burns, Freezing, etc.	140		142			145			148	149		151	152	153
Amputation, Removal	160					165	166		168	169		171	172	173
Lacerations, Cuts, Punctures, etc.	180	181	182	183	184	185	186	187	188	189	190	191	192	193
Fracture, Crushing, Bruise, Concussion	200	201	202			205	206	207	208	209	210	211	212	213
Sprains, Strains, Heart Attack				223					228	229	230	231		233
Multiple Injuries Equally Serious	260	261	262	263		265	266	267	268	269	270	271	272	273
Other Traumatic Injuries	380	381	382	383	384	385	386	387	388	389	390	391	392	393
Dermatitis, Rash, etc.														396
Contagious or Infections Dis. Incl. Burns	400	401	402	403	404	405	406	407	408	409	410	411	412	413
Exposure to Radioactive Substances	420	421	422	423	424	425	426	427	428	429	430	431	432	433
Exposure to Cancer-causing Agents	440	441	442	443	444	445	446	447	448	449	450	451	452	453
Pneumoconiosis, Silicosis, etc.						465								
Poisoning	480	481	482	483	484	485	486	487	488	489	490	491	492	493
Other Occupational Diseases	680	681	682	683	684	685	686	687	688	689	690	691	692	693
Physical Stress, Repetitive Motion	700			703	704	705	706	707	708	709	710	711	712	713
Mental Stress and Strain	720	721	722	723	724	725	726	727	728	729	730	731	732	733
Loss or Impairment of Hearing			742											
Other Cumulative Injuries	880	881		883	884	885	886	887	888	889	890	891	892	893

SECTION VI—REVISIONS AND REVALUATIONS.

A—CONDITIONS REQUIRING A SUBSEQUENT REPORT.

1. "C" Reports. Correction reports shall be filed whenever there is an error of any kind on a report previously filed. It shall not be permissible to revise loss values because of developments in the nature of the injury between two valuation dates except as described in Section VI, Item B 3 (b). In instances where the change in exposure or premium is due to an error the "97" box in the "Cond." section should be marked with the symbol "X". In other instances, not involving an error, where the change is, for example, due to an audit where the previous report was an estimate, do not insert anything under the "97" box in "Cond." section. "C" reports as defined above should be forwarded to the National Council as soon as possible after the changes are known.

2. Second, Third, Fourth and Fifth Reports. A revised loss card, Form 22L-68, shall be filed on each risk 12, 24, 36 or 48 months, respectively, after the first reporting date, when (1) there was an open claim on the previous report, or (2) there are reopened claims, claims previously unreported, or any other change in the valuation of losses. In these subsequent reportings,

"Revised" losses shall be valued 12, 24, 36 or 48 months, respectively, after the valuation date prescribed for the first reporting. For example, if the valuation date for the first reporting of the risk was July 1, then the valuation date of the second reporting is July 1 of the next following year and the filing is due not later than September 1 of that year.

B—METHOD OF REPORTING.

1. Exposure and Premium. Where the exposure previously reported has been changed by reason of an audit, or by a reaudit or any other adjustment affecting classifications, exposure or premiums, a revised report, Form 22P-68, shall be filed showing the amounts reported previously as well as revised amounts for those classifications where there have been changes. Also the lines captioned "A—Total Subject Premium", "B—Experience Modification", and "C—Total Modified Premium", (if these lines have been used on the prior report), together with the Risk Totals—Exposure and Premium, at the bottom of the form, shall be shown as originally reported and as revised. Previous and revised premium discounts, if any, shall also be shown. If the exposure does not change but the risk total premium previously reported is revised due solely to a change in the experience

SECTION VI—REVISIONS AND REVALUATIONS.**A—CONDITIONS REQUIRING A SUBSEQUENT REPORT.**

1. **"C" Reports.** Correction reports shall be filed whenever there is an error of any kind on a report previously filed. It shall not be permissible to revise loss values because of developments in the nature of the injury between two valuation dates except as described in Section VI, Item B 3 (b). In instances where the change in exposure or premium is due to an error the "97" box in the "Cond." section should be marked with the symbol "X". In other instances, not involving an error, where the change is, for example, due to an audit where the previous report was an estimate, do not insert anything under the "97" box in "Cond." section. "C" reports as defined above should be forwarded to the National Council as soon as possible after the changes are known.

2. **Second, Third, Fourth and Fifth Reports.** A revised loss card, Form 22L-68, shall be filed on each risk 12, 24, 36 or 48 months, respectively, after the first reporting date, when (1) there was an open claim on the previous report, or (2) there are reopened claims, claims previously unreported, or any other change in the valuation of losses. In these subsequent reportings,

"Revised" losses shall be valued 12, 24, 36 or 48 months, respectively, after the valuation date prescribed for the first reporting. For example, if the valuation date for the first reporting of the risk was July 1, then the valuation date of the second reporting is July 1 of the next following year and the filing is due not later than September 1 of that year.

B—METHOD OF REPORTING.

1. **Exposure and Premium.** Where the exposure previously reported has been changed by reason of an audit, or by a reaudit or any other adjustment affecting classifications, exposure or premiums, a revised report, Form 22P-68, shall be filed showing the amounts reported previously as well as revised amounts for those classifications where there have been changes. Also the lines captioned "A—Total Subject Premium", "B—Experience Modification", and "C—Total Modified Premium", (if these lines have been used on the prior report), together with the Risk Totals—Exposure and Premium, at the bottom of the form, shall be shown as originally reported and as revised. Previous and revised premium discounts, if any, shall also be shown. If the exposure does not change but the risk total premium previously reported is revised due solely to a change in the experience

modification, it shall be necessary to submit a revised report showing only each item affected by the modification change on a previously reported and revised basis. Premiums by classification are not required. Previous premium discounts, and revised discounts also shall be reported in the space provided.

2. Classification Code, Type of Injury, or other Non-Monetary Items. Where the classification code or type of injury requires revision, the revised report shall show all of the data previously reported for the classification in question as well as all of the data (including those items which do not change) on a revised basis. For example, assuming Form 22L-68 report as follows:

Class Code	PREVIOUSLY REPORTED		REVISED
	8018	8017	
Injury	5	5	
Indemnity	1,350	1,350	
Medical	250	250	

In this illustrative example, the only item that required revision was the classification code number which changes from Code 8018 to 8017. However, the unchanged type of injury, indemnity and medical should be reported under the caption "Revised" so that when the data are transferred to punch cards proper provision may be made for canceling out the information previously punched under Code 8018 and repunching under Code 8017. For those classifications for which none of the items previously reported is subject to change, do not show either the items previously reported or the corresponding revised items. However, the risk totals as previously reported and as revised are required as in Section VI, Item 1 above.

3. Revaluation of Losses. (a) Any second, third, fourth, fifth or correction report involving,

- (1) Any claim reported "open" on the previous report,
- (2) Any re-opened claim reported "closed" on the previous report,
- (3) Any claim previously unreported, or
- (4) Any other change in the valuation of losses

shall show for each claim the amounts previously reported, and the revised values. The corresponding total number of claims, total incurred indemnity, and total incurred medical, as previously reported and as revised shall also be shown.

Revised individual claim reports are required if the incurred amounts, the classification code or the type of injury changes from the previous reporting. An individual claim report shall be filed for each claim required by Section V even though not required on the previous report.

(b) It shall not be permissible to revise values because of departmental or judicial decision or because of developments in the nature of injury between two

valuation dates, provided, however, that

- i. in instances where loss values are included or excluded through mistake other than error of judgment,
- ii. where the claim or any part thereof is declared non-compensable (as defined in the experience Rating Plan), or
- iii. where the claimant or carrier has recovered in an action against a third party

it shall be permissible to submit a "C" report. The report should show whether the change is due to a mistake or, if a claim was declared noncompensable, the date of such determination, and in the case of a recovery against a third party, the details and the date of final settlement.

4. Card Serial Numbers. Revised cards must show the serial number which was assigned to the first reporting and must also be numbered serially in the order of their submission. A separate series of serial numbers shall be employed for corrections and subsequent reportings. Thus for each twelve consecutive policy months beginning January 1, there will be two series of numbers for each state. The first will be for first reportings. The second will be for all subsequent reports and corrections regardless of year of issue.

SECTION VII—THREE YEAR FIXED RATE POLICIES.

Three rules in this Section relate to the reporting of experience incurred under three-year fixed rate policies, written in accordance with Section XVII of the Basic Manual. Optional methods of reporting this experience are provided as set forth in Option A and B following:

Option A. Schedule Z Basis

The rules of the National Council Workmen's Compensation Unit Statistical Plan apply to the reporting of the experience, except

- (a) Where the Statistical Plan rules are obviously inappropriate because of the form of reporting for these risks, to be described below. (For example, a reporting of Policy Number, Insured, etc., required by Section II would not be applicable).
- (b) As supplemented by the following rules in this Section.

1. Form of Report. The experience for each state shall be summarized by effective year and manual classification and shall be reported by state in a separate submission. These reports may be made on either Form NC-302 or preferably, on printer-tabulator listings giving all of the information required by Form NC-302. Any such printer-tabulator listings must be accompanied by summary punch cards. Such punch cards need not carry printed field designations and a blank punch card (or any punch card) may be used. The following items must be punched in the columns designated:

Item	Card Column
Job Number—punch "3" all cards	2
State Code	4-5
Effective Year	6-7
Carrier Code	8-10
Manual Classification	12-15
Transaction { 0 = Exposure Card 1 = Loss Card 2 = Disease Loss—Missouri Only	16
Type Injury { 1. Death 5. Temporary 2. P.T. 6. Non-Comp. Medical 3. Major* 8. Total Losses 4. Minor* *Refer to Bureau	17
No. of Risks (See Item 3a)—Exposure Card No. of Claims—Loss Card	18-23
Payroll, or Incurred Indemnity	24-33
Premium, or Incurred Medical	34-42
Reports (1 = First Report 2 = Correction)	45

Each submission shall be accompanied by a summary Form NC-302, or summary punch cards, showing grand totals for the state for all manual classifications combined. Such grand total punch cards shall be identified by punching 9999 in the columns reserved for manual classification.

2. Date of Valuation and Filing. For reporting purposes, the experience on three-year fixed rate policies shall be assigned to the year in which the policy became effective regardless of expiration date. Losses shall be valued not earlier than March 31st and the reports shall be filed not later than September 1st of the fourth year after the year in which the policy became effective. For example, the experience on three-year fixed rate policies becoming effective in 1966 shall be filed not later than September 1, 1970 with losses valued not earlier than March 31, 1970.

3. Data to be Reported. The experience to be reported for each classification consists of the following:

(a) **Number of Risks.** The number of risks shown for each classification shall be the number of policies for which the classification in question is the governing classification.

(b) **Total exposure (payroll, per capita, or other basis).** Per Capita exposure shall be reported on a man-year basis to the nearest 0.1. Thus, an exposure of 1 servant for the full three year period should be reported as an exposure of 3.0 and an exposure of 1 servant for the equivalent of 2½ years should be reported as an exposure of 2.5

(c) **Total earned premium.**

(d) **Number of claims, total indemnity incurred, and total medical incurred for**

(1) **Death**

- (2) **Permanent Total**
- (3) **Major Permanent Partial**
- (4) **Minor Permanent Partial**
- (5) **Temporary Total**
- (6) **Non-Compensable Medical**

The totals of the number of claims, indemnity incurred, and medical incurred shall also be shown. A separation of exposure and premium between medical policies and other policies is not required, nor is it necessary to separate and identify incurred losses resulting from Disease, Coverage B, U.S. Longshoremen's Act, etc.

(e) **Loss and expense constant premium shall be reported assigned to the applicable statistical Codes (0032 or 0020).**

(f) **A canceled policy shall be counted as one risk and penalty premium shall be assigned to code 0020.**

4. Second, Third, Fourth and Fifth Reports. Second, Third, Fourth and Fifth reports on three-year fixed rate policies, or per capita policies reported in accordance with this section are not required. However an error discovered, either by the carrier or by the organization collecting the statistical data, within 12 months after submitting the original reports shall be corrected by submitting a correction. Where the original report was submitted on Form NC-302, the correction shall consist of two NC-302 Forms carrying the necessary identifying information including the manual classification; one form shall show only the amounts previously reported incorrectly as negative amounts and the second form shall show the corresponding corrected amounts as positive values. When reports are submitted on printer-tabulator listings accompanied by punch cards, two punch cards in which the necessary identifying information, including the manual classification, has been punched shall be submitted for each correction; one punch card shall show only the amounts previously reported uncorrected as negative amounts, indicated by the "x" position on IBM cards (zero position on Rem Rand Cards) in the first column only of the field showing the incorrect item. The second punch card shall show the corresponding corrected values as positive items.

In cases where experience has been assigned to an incorrect manual classification, the correction shall show the original code number with all amounts designated as negative items and the corresponding corrected code number with the same amounts designated as positive values.

5. Individual Claim Reports. Individual claim reports are not required.

Option B. Unit Reporting Basis.

1. Form of Report. The complete three year experience incurred under each policy shall be reported on the current appropriate Unit Report Form.

2. **Date of Valuation and Filing.** Losses included in the reporting of a given policy shall be valued as of exactly 42 months after the inception date of the policy, and the reports shall be filed not later than 44 months after the effective date of the policy. These reportings shall be specifically identified as three-year fixed rate policy experience (this may be done by entering the figure "3" in the block captioned "Term") and shall be segregated and reported independently of the reportings of one year policies.

3. **Data to be Reported.** The data required shall be the data specified under the Statistical Plan. Reporting of the following items shall be optional:

- (1) Insured
- (2) Address
- (3) Location of Risk
- (4) Manual Rate

Cancellation penalty premium shall be assigned to Code 0020.

4. **Second, Third, Fourth and Fifth Reports.** Second, Third, Fourth and Fifth reports are not required on these three-year fixed rate policies.

5. **Individual Claim Reports.** Individual claim reports are not required.

† **Option C. Magnetic Tape Reporting.**

Data for three year fixed rate policies may be submitted on magnetic tape as provided in Section IX of this Plan.

SECTION VIII—SPECIAL RULES.

1. Reporting of Experience on Multiple Year Policies.

A. Three-Year Fixed Rate Policies Written in Accordance with Section XVII of the Basic Manual. Experience on these policies shall be reported in accordance with Section VII of this plan.

B. Other Multiple Year Policies.

Multiple year policies not specified in Paragraph A above shall be considered as made up of separate annual policies for reporting purposes and reports for each unit of twelve months, or less, shall be filed at the time all other reports on policies with the same effective date are being filed. Losses shall be valued eighteen months after the effective date of each unit of experience and at annual periods thereafter.

Examples:

(a) The reports on a three-year policy effective July 1, 1969 shall be filed with the regular reports on policies effective in July 1969, July 1970 and July 1971. Losses shall be valued January 1, 1971, January 1, 1972 and January 1, 1973 respectively.

(b) The reports on a policy covering the period July 1, 1969 to January 1, 1971 with the first six months con-

sidered as a unit, shall be filed with the regular reports on policies effective in July 1969 and January 1970. Losses shall be valued January 1, 1971 and July 1, 1971 respectively.

(c) The reports on a policy covering the period July 1, 1969 to January 1, 1972 with the last six months considered as a unit shall be filed with the regular reports on policies effective in July 1969, July 1970 and July 1971. Losses shall be valued January 1, 1971, January 1, 1972 and January 1, 1973 respectively.

2. Reporting Disease Experience.

A. General.

The manual rates for all states include coverage for the disease obligation of the employer under the Workmen's Compensation or Disease Act, and as otherwise imposed on him by law and insured under Coverage B of the policy. If the policy provides for Coverage B only the "95" box in the "Cond." section should be marked with the symbol "X." If the policy has been endorsed to exclude Diseases under Coverage B then the "96" box should be marked with an "X."

B. Exposure, Manual Rate, and Premium.

The exposure, rates and premium reported on the individual risk card by manual classification shall include the unmodified authorized rates and corresponding premium for complete coverage under both Coverage A and Coverage B of the policy including coverage for Diseases.

In the following states the Manual Supplement, Treatment of Disease Coverage provides that when coverage for disease is provided only under Coverage B and limits of liability for disease in excess of the basic limit are desired, the premiums for individual classifications shall be increased by appropriate factors which vary by classification.

The states in this category are:

Alabama	Kansas
Colorado	New Mexico
Illinois	South Dakota
Indiana	

In these states the premium reported by classification shall be the manual premium at standard limits. Any excess premium for higher limits by classification shall be combined and reported on a manual basis, in accordance with Section IIIA, Item 5.

C. Incurred Losses.

Disease losses shall be identified in the "Loss Cov." column by the appropriate code for Disease Loss according to Section IV, Item 18.

The total losses reported shall be the total of traumatic losses and disease losses incurred and shall exclude any allocated claim expense for Coverage A but shall include allocated claim expense for Coverage B.

D. Reporting of Incidental Foundry Abrasive or Sand Blasting Experience.

The Basic Manual rules provide that the payroll of all

† Refer to Home Office for effective date.

employees exposed to (1) a foundry hazard (except payrolls properly assignable to certain specific codes), or (2) an abrasive or sand blasting hazard (except for employees rated under a classification where the manual rate provides coverage for silicosis) must be specifically stated and a special supplementary disease rate shall be charged on this payroll in addition to the manual rate. The payroll to which the supplementary disease rate is applicable, together with the manual premium derived from such charges, shall be assigned to the appropriate code—either 0065, 0066, 0067 or 0059. The payroll reported for code 0065, 0066, 0067 or 0059 shall be shown in parentheses and shall not be added to the payrolls shown for other manual classifications in determining the risk total payroll. However, the premium resulting from the application of such supplementary disease rates shall be included in the total premium reported on the line captioned "A—Total Subject Premium."

Dust disease losses incurred in connection with payrolls reported under code 0065, 0066, 0067 or 0059 shall likewise be assigned to the same code and shall be further identified by the appropriate code for Disease Loss in the "Loss Cov." column. These losses shall also be included in the total losses reported.

3. Experience Under the National Defense Projects Rating Plan.

The experience of policies written under the National Defense Projects Rating Plan shall not be reported on Unit Statistical Plan Forms. In lieu thereof there shall be filed with the National Council on Compensation Insurance, One Penn Plaza, New York, N.Y. 10001, a copy of "Exhibit I—Computation of Earned Premiums" on Form NDPRD-1 at the same time this form is submitted to the insured in accordance with the rules of the National Defense Projects Rating Plan.

4. Radiation Exposure—Atomic Energy Commission Projects.

Experience in connection with Atomic Energy Projects performed for or under the direction of the Atomic Energy Commission or any government Agency shall be excluded from the data reported under this Plan. Code 9984 has been reserved for internal company use in connection with the above type of projects. Experience under Code 9984 should not be reported to the National Council. The Basic Manual provides that a supplemental rate, subject to the approval of the Board or Bureau having jurisdiction, may be applied to operations involving research, manufacture, handling, transportation, use of or exposure to radio-active materials, where such operations are not performed for or under the direction of the Atomic Energy Commission or any Government Agency. The exposure to which such supplemental rate is applicable together with the premium derived from such charge shall be reported under Code 9985. The exposure reported for Code 9985 shall be shown in parentheses and shall not be added to the exposures shown for other manual classifications in determining the risk exposure total.

The rate and premium reported under Code 9985 shall be entered in the appropriate columns and the premium reported shall be included in the risk total. Similarly radiation losses on risks where a supplemental loading has been applied shall be assigned to Code 9985. If no supplemental radiation loading has been applied to the risk, all losses shall be assigned to the appropriate industrial classifications.

5. Coal Mine Risks—Code 1016.

Experience incurred under compensation policies whose governing classification is Code 1016 shall be filed in accordance with the rules of the National Council Workmen's Compensation Statistical Plan—1954 using the old "38" series of unit plan forms.

Please note however:

(a) Experience on these policies shall not be included in the regular submissions, but shall be filed under a separate set of serial numbers with the prefix "CM", and a separate letter of transmittal shall accompany each submission.

(b) In the block at the lower right hand corner of the experience card, captioned "EM", insert the experience modification, for example ".9642" to indicate a 3.58% credit even though the form carries the general notation "DO NOT WRITE HERE". Any risk which is currently subject to an experience rating modification or which would qualify for experience rating under the Underground Coal Mine Experience Rating Plan on the basis of the policy year exposure, shall be designated as a "Large" mine by the symbol "L" entered in the block "Conditions Affecting Coverage". All other risks shall be designated by the symbol "S" posted in the block "Conditions Affecting Coverage".

(c) Experience for all Code 1016 risks shall be filed in duplicate (in triplicate for retrospective rated risks).

(d) In addition, an advance report of the first six-months experience of the current policy for each risk shall be filed directly with the Coal Mine Rating Bureau. Such advance reporting shall be filed not later than seventy-five days prior to the rating anniversary. Exposure and incurred losses for the first six months only of the current policy shall be included in this advance report, and losses shall be valued as of a date three months prior to the rating date. Such advance special reportings shall carry no serial numbers and shall require no letters of transmittal, but shall carry the notation, "Six Months Experience" in the block "Conditions Affecting Coverage". These advance reportings are entirely independent of the Unit Statistical Plan filings and the experience shall be reported in the normal way, when due, under the requirements of the Plan.

6. Unemployment or Emergency Relief Employees.

Where the Basic Manual provides for a specified weekly premium charge on a per capita basis for unemployment or emergency relief employees, report premiums and losses under classification 9408. No exposure shall be reported.

7. Excess Insurance.

Experience incurred under excess policies shall be reported in any state where there is a manual rule on excess insurance. Experience on these policies shall not be included in the regular submissions of experience but shall be filed in a separate submission of experience. A notation "Excess" shall be entered on the letter of transmittal (Form 28-68) accompanying the submission. A separate set of serial numbers with the prefix "E" shall be assigned to these reports. It is not necessary that these reports shall be submitted on a monthly basis; however, the filing of the experience should be completed by the time the regular experience on December policies is reported.

SECTION IX—MAGNETIC TAPE REPORTING.†

The rules of the preceding sections of this plan apply to the reporting of experience, except

- (a) Where the rules of the preceding sections are inappropriate because of the form of reporting, to be described below. (For example, a reporting of Card Serial Number required by Section II would not be applicable).
- (b) As supplemented by the following rules in this section.

A. General—This section applies to the preparation and transmittal of Unit Statistical data by magnetic tape for ratemaking and experience rating by those carriers who wish to do so.

Data are to be reported by policy by state as provided in the preceding Sections of this Unit Statistical Plan. When reporting on magnetic tape, card serial no. is not required.

Tape submissions shall consist of up to 7 Data Record Types. No fields are to be signed or packed.

Record Type 1—Header Record
Contains indicative information regarding the policy.

Record Type 2—Risk Name Record
This record type is required.

Record Type 3—Risk Address Record
This record type is optional.

Record Type 4—Exposure Record
Provides detail exposure data.

Record Type 5—Loss Record
Provides detail loss data.

Record Type 6—Unit Total Record
Provides total reporting data for each unit report.

The record will reflect only the "Revised" or current amounts as they would appear on a unit report. Previously reported totals will not be included in the tape record.

Record Type 9—Submission Control Record
Provided totals of the entire submission.

† Refer to Home Office for effective date.

Three (3) copies of a Letter of Transmittal shall be prepared. Two copies shall accompany each magnetic tape submission, one of which shall be returned to the carrier by the Bureau as acknowledgment of receipt. The third copy is to be mailed to the Bureau under separate cover. The letter will carry the following information:

1. Carrier or Group Name
2. Date of Transmittal
3. Number of Reels in the Submittal
 - a. Reel serial numbers submitted
 - b. Number of records in the submission (do not include Type 9 record)
4. Certification of the accuracy and completeness of the data transmitted.

A printed listing of the first 100 records must also accompany each submission. This data may be on plain "butcher paper" and appropriately identified as to carrier and reel serial number.

Until such time as the Bureau advises the submitting carrier otherwise, "hard copies" of the unit report will still be required as described in Section I of this Unit Statistical Plan. Individual case reports will still be required in hard copy in any event. Once the period of parallel reporting is over the carrier must not duplicate data submitted on magnetic tape with hard copy. The carrier is still at liberty to report data relevant to any particular policy in either form, but not both.

In order to reduce the number of tape reels to be handled, all report levels may be included on one reel of tape; carriers within a group may submit their data on the same file. Data from more than one state may be reported on the same reel. All tapes shall have an external label showing the following information:

- a. Carrier or Group Name
- b. Transmittal Data
- c. Operating system used to create this tape
- d. Number of tracks on tape
- e. Density of tape
- f. Parity of tape
- g. Data set name on internal label
- h. Reel serial number
- i. Reel sequence number

It is preferred that all losses be reported in detail form. The National Council, when producing hard copy from magnetic tape submissions, will group all closed "medical only" claims under \$750 which are in the same classification code, and print a single record showing the number of such cases and a lump sum amount. Federal losses will be shown separately from state losses. Catastrophe losses will not be included in these grouped case reportings.

- a. If the carrier elects to group losses of this type, for magnetic tape submission, the records must be prepared according to the provisions of Section IV, Subsection (1) of the Unit Statistical Plan.

- b. In reporting losses for subsequent reports, the carrier is responsible for reporting all claims, both previous and revised, whether they are grouped or individually listed.

B. Tape Specifications

1. Tape must be wound on reels in lengths of not less than 600 feet, nor more than 2400 feet.
2. Each reel must have provisions for a file protection ring, which must be removed before the tape is shipped.
3. Reflective spots must be present and properly located.
4. Tapes must be shipped in canisters. Band-type reel covers are not acceptable. Do not ship in 'self-loading' canisters.
5. Data may be reported on either 9 or 7 track recordings in a mode acceptable to the National Council on Compensation Insurance.

The following table shows the acceptable characteristics of these recordings:

Trackage	Density (BPI)	Labels	Parity	Data
9	800,1600	odd	odd	odd
7	200,556,800	even	even	even

The use of 9-track tapes with 800 BPI odd parity is preferred.

6. Data is to be reported in 120 BYTE record images, as shown in the instructions, using BCDIC or EBCDIC, depending on whether the recording is 7 track or 9 track.
7. Data must be blocked 20, i.e. 2400 characters per block. The final block may be a "short block", do not fill with padding. There is to be no record mark at the end of a record, nor a group mark at the end of a block.
8. In addition to its external physical label, each tape shall contain "Third Generation Computer" type internal labels generated as a "Standard Labels" by IBM 360 DOS or OS operating systems.
9. The Submission Control Record, only one per submission, will be the last data record on the last tape.
10. The minimum number of records that can be submitted for any one unit report are a header record and a unit total record. NOTE: When no payroll is generated on the unit report the total record will contain zero amounts, with the exception of the record count field.

C. Record Specifications

1. Link Data

This data is the constant by which all the records for a given "unit report" may be tied together.

a. Carrier Code **Location**
 A 5 digit number assigned by the National Council. Enter left-zeroed. 1-5

b. Policy Number 6-23
 The field is designed as an eighteen character field for carrier and bureau use in identifying the policy contract. It is the responsibility of the carrier to enter this number in the form which agrees with the policy number originally shown on the declarations page.

Alphabetic characters are permitted in this field, but not imbedded blanks or marks of punctuation. The data in this field is to be left justified. BLANK fill unused low order positions.

c. Certificate Number 24-30
 A 7 digit number for use to identify a risk covered under a master group policy in jurisdictions where appropriate.

Enter left justified. Blank fill low order positions; leave blank if unused.

d. State 31-32
 Use the numeric designations shown in Section II-3(b) of this plan.

e. Policy Effective Date 33-38
 The inception date of the policy, formatted YY MM DD.

f. Report Number -39
 A one-digit field, in which the report number appears:

- 1 = First Report
- 2 = Second Report
- 3 = Third Report
- 4 = Fourth Report
- 5 = Fifth Report
- 6 = Reports subsequent to a Fifth Report for Retrospective Rating

g. Correction Indicator -40
 A one-character field which is normally "0". If the report is a correction, this character is "1" for the first correction, "2" for the second correction to the same level of report, etc.

2. Header Record

a. Link Data—See Paragraph C.1., above. 1-40

b. Record Type—"1" 41

c. Policy Conditions 42-54
 Enter policy conditions described in the Statistical Plans as follows:

Conditions "1" in Location	Meaning	Location
"90"	42 Excess Coverage	
"91"	43 Interstate Rated	
"92"	44 Assigned	
"93"	45 Canceled	
"94"	46 Estimated Audit	
"95"	47 Disease B only	
"96"	48 Excluding Disease	
"97"	49 Clerical Error	
"98"	50* Retrospective Rated*	
"99"	51 "No Excess Payroll"	
	52-54 Reserved for future expansion	

*NOTE: For reports that are intended for use in connection with Retrospective Rating only (RRO) insert a "2" in location 50.

- d. Policy Expiration Date—or Cancellation Date**
Formatted YY MM DD 55-60
- e. Risk Experience Rating Identification Number** 61-70
A field in which the carrier MUST enter the Risk Experience Rating Identification Number assigned by the National Council.
- f. Administrative Bureau File Number** 71-80
A field in which the Administrative Bureau File Number is entered where required. Enter left zeroed.
- g. Fixed Rate Indicator** 81
"1" = non-fixed rate
"3" = 3 yr. fixed rate
- h. Retrospective Plan Ident. No.** 82-89
This is an eight character number assigned by the National Council on Compensation Insurance which the carrier may enter at its option. Record numeric characters only. Omit spaces and marks of punctuation.
- i. Filler—Leave Blanks** 90-120
- 3. Name Record**
- a. **Link Data**—See paragraph C.1., above. 1-40
- b. **Record Type**—'2' 41
- c. **Name of Insured**—Maximum size of risk name is seventy-eight characters, including spaces and marks of punctuation. 42-120
- 4. Address Record**
- a. **Link Data**—See paragraph C.1., above. 1-40
- b. **Record Type**—'3' 41
- c. **Address of Insured**—Maximum size of this field is seventy-eight characters, including spaces and marks of punctuation. 42-120

- 5. Exposure Record**
- a. **Link Data**—See paragraph C.1., above. 1-40
- b. **Record Type**—'4' 41
- c. **Reserved**—For future use. 42
- d. **Class Code**—Enter the appropriate 4 digit class code. 43-46
- e. **Suffix**—Leave Blank 47
- f. **Previously Reported Indicator**—The codes in this position are to indicate the "Previous" or "Revised" side of any subsequent report. 48
1—Data as previously reported.
0—Revised data.
NOTE: On original first reports this item is always entered as zero.
- g. **Exposure Coverage Code**—(See Section IV - 1). 49-50
- h. **Experience Modification** 51-54
This is the experience modification which applies to the exposure reported in this detail record.
NOTE: There is an assumed decimal point between locations 51 and 52. Always numeric, never blank.
Use (0 0 0 0) for non-rated exposures.
- i. **Effective Date of Modification** 55-60
Normally this is the effective date of the policy. If the modification changes as described in Section III-6 of this plan, this is the effective date of the modification which applies to the exposure reported in this detail record.
- j. **Effective Date of Rate** 61-66
This is the effective date of the rate that applies to the class code and exposure being reported. Normally, it is the same as the policy effective date, but, when experience is split in accordance with manual rules, it may be different.
- k. **Exposure Amount** 67-76
Enter payroll dollars, to the nearest whole dollar amount, left zeroed. Report non-payroll exposures to the nearest tenth of unit, omitting the decimal point, left zeroed.
- l. **Premium Amount** 77-84
Enter the manual premium to the nearest whole dollar, left zeroed. See Section III of this Plan for the description of this item.
- m. **Filler**—Leave Blanks 85
- n. **Manual Rate**—Assumed decimal point between 88 and 89. 86-91

	Location
o. Page Break Indicator —Use to indicate change in rates or Mod. during life of policy.	92
p. Filler —Leave Blanks	93-120
6. Loss Record	
a. Link Data —See Paragraph C.1., above.	1-40
b. Record Type —'5'	41
c. Reserved For Future Use —Leave blank	42
d. Class Code	43-46
Enter the appropriate 4 digit class code.	
e. Suffix —Leave Blank	47
f. Previously Reported Indicator	48
The codes in this position are used to indicate the "Previous" or "Revised" side of any subsequent report.	
"1" = Data as previously reported.	
"0" = Revised data.	
NOTE: On original first reports this position is always entered as zero.	
g. Loss Coverage Code —(See Section IV-18)	49-50
h. Number of cases	51-54
Number of cases reported in this Loss Record.	
Always numeric, never blank.	
i. Accident Date	55-60
Formatted YY MM DD. Applies only to individually listed losses. Leave Blank when reporting multiple losses.	
j. Claim Number	61-72
Claim number of every individually listed loss, right justified with leading blanks. Alphabetic characters are permitted, but not imbedded blanks or marks of punctuation. Refer to Sec. IV-1 for reporting requirements. Maximum field size is twelve alpha-numeric characters.	
k. Status	73
"0" = Open	
"1" = Closed	
l. Reserved For Future Use —Leave Blank	74-79
m. Injury Code	80
1 = Death	
2 = Permanent Total	
5 = Temporary Total	
6 = Medical Only	
7 = Contract Medical	
9 = Permanent Partial	
n. Catastrophe Number	81-82
See Section IV-24 of this Plan for details.	

	Location
o. Indemnity Amount	83-89
Whole dollar amount right justified, with leading zeroes.	
p. Medical Amount	90-96
Whole dollar amount right justified, with leading zeroes.	
q. Filler —Leave Blank	97-120
7. Unit Total Record	
a. Link Data —See Paragraph C.1., above.	1-40
b. Record Type —'6'	41
c. Payroll Total	42-52
i. 1st Report —A direct arithmetic total of all dollar value payrolls, with the exception of dollars attributed to occupational disease classes 0059, 0065, 0066 and 0067.	
ii. Exposure C Report —The revised payroll total.	
iii. Subsequent or Correction Report of Losses —If this record is a change of loss experience only, this field will always contain zeroes.	
d. Exposure—Other Than Payroll	53-62
i. 1st Report —An arithmetic total of non-payroll exposure regardless of base.	
ii. Exposure Correction —The revised payroll exposure total.	
iii. Subsequent or Correction Report on Losses —If this record is a change of loss experience only, this field will always contain zeroes.	
e. Manual Premium Total	63-71
i. 1st Report —This will contain all premiums subject to experience modification, but in an unmodified form.	
ii. Exposure C. Report —This will contain a revised manual premium total.	
iii. Subsequent or Correction Report of Losses —If this record is a change of loss experience only, this field will always contain zeroes.	
f. Standard Premium Total	72-80
i. 1st Report —This will contain the manual premium after modification, plus that premium not subject to modification.	

NOTE: Premium discount will not be reflected in any premium totals, but will be reported as a detail item as per Section III-6.

	Location		Location
<p>ii. Exposure C. Report—The revised standard premium total.</p> <p>iii. Subsequent or Loss Correction—If this record is a change of loss experience only, this field will always contain zeroes.</p>	81-85	<p>i. Incurred Medical Total</p> <p>i. 1st Report—This will be a direct arithmetic total of the incurred medical amounts on this report.</p> <p>ii. Exposure Correction Report—If this record is a change of exposure or premium only, this field will always contain zeroes.</p> <p>iii. Subsequent or Loss Correction—This will be the revised incurred medical total.</p>	94-101
<p>g. Number of Cases</p> <p>i. 1st Report—This will be a direct arithmetic total of the number of cases being reported on this report.</p> <p>ii. Exposure Correction Report—If this record is a change of exposure or premium only, this field will always contain zeroes.</p> <p>iii. Subsequent or Correction Report—The field will contain the revised number of cases.</p>	81-85	<p>j. Number of Records in Unit Report</p> <p>Total number of records including the unit total record reported for this unit report.</p> <p>Example: 1 header, 1 name, 1 address, 1 exposure, 10 loss an. 1 unit total = 15 records.</p>	102-106
<p>h. Incurred Indemnity—Total</p> <p>i. 1st Report—This will be a direct arithmetic total of the incurred indemnity amounts on this report.</p> <p>ii. Exposure Correction Report—If this record is a change of exposure or premium only, this field will always contain zeroes.</p> <p>iii. Subsequent or Loss Correction—This will be the revised incurred indemnity total.</p>	86-93	<p>k. Filler—Leave Blank.</p> <p>8. Submission Control Record</p> <p>a. Link Data—Fill the first 41 characters of this record with "9's"</p> <p>b. Record Type—'9'</p> <p>c. Detail Record Count—This value is the sum of field 7-j for the entire submission.</p> <p>d. Total Unit Reports Submitted—Add 1 for each type '6' record in submission.</p> <p>e. Filler—Leave Blank.</p>	107-120
		<p>a. Link Data—Fill the first 41 characters of this record with "9's"</p> <p>b. Record Type—'9'</p> <p>c. Detail Record Count—This value is the sum of field 7-j for the entire submission.</p> <p>d. Total Unit Reports Submitted—Add 1 for each type '6' record in submission.</p> <p>e. Filler—Leave Blank.</p>	1-40 41 42-49 50-56 57-120

APPENDIX—ILLUSTRATIONS

The Appendix contains illustrations of certain common types of reports required by the National Council on Compensation Insurance Unit Statistical Plan. For maximum benefit, the illustrations should be carefully studied in connection with the applicable instructions in the Plan. Each of the illustrations shows the minimum amount of information required.

Questions regarding any phase of the Plan or the submission of reports should be referred directly to the National Council on Compensation Insurance.

In order to make the illustrations more meaningful, in several instances related reports have been brought together to form a single illustration. Appropriate discussion, comments and notes follow:

ILLUSTRATION 1 — First Report; Minimum Premium Risk; No Losses Incurred.

Note that the Audited exposure has been extended at the Manual Rate and that the premium required to balance to the policy minimum has been shown separately under Code 0990. The Minimum Premium includes loss and expense constants where applicable.

REPORT NO.	POLICY NUMBER		STATE	STATE NO.	CARRIER	CARRIER NO.	CARD SERIAL NO.	ADM FILE NO.				
1	WC 12345		Any	55	X.Y.Z. Insurance Co.	499	711	Leave Blank				
EFFECTIVE DATE	TERM	EXPIRATION DATE	INSURED									
07-01-77		06-30-78	Cook's Bakery (Address Optional)									
COND.	01	02	03	04	05	06	07	08				
								OTHER				
REP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	ACCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	1	2	INCURRED LOSSES	LOSS COV.	CAT. NO.
11	2003	x 1,502	.77	12								
A - TOTAL SUBJECT PREMIUM												
B - EXPERIENCE MODIFICATION												
C - TOTAL MODIFIED PREMIUM (A) x (B)												
D	0020			15								
E	0990			7								
F												
G												
TOTAL	STD	1,502	XXX	34								
	OTHER		XXX	XXX								
	SUB	PREMIUM DISCOUNT	XXX	(XXX)	TOTAL	XXX	X				XXX	X
IND. NOT USE	INDUSTRY GROUP	TYPE	PLACEMENT NUMBER		KEYPUNCH						VERIFY	



November 14, 1980

Rep. Brian Rogers, Chairman
Alaska Workers' Compensation Study Commission
1024 West 6th Avenue
Anchorage, Alaska 99501

Dear Chairman Rogers:

Re: Workers' Compensation Study Commission

This letter is being forwarded to you with regard to the Commission's request for additional information on workers' compensation insurance in Alaska.

The attached Exhibit A shows the expense provisions underlying Alaska rates for various rate revisions from 1972 to present. Please note that Columns (1) and (2) represent general expense and loss adjustment expense provisions as a percentage of net premium. Column (3) represents the loss adjustment expense provision as a percentage of incurred losses. As was stated at the October 16 meeting, the provisions have been decreasing over the past few years.

Exhibit B shows the result of the 1979 call for expense data in Alaska. Percentages of the net earned premium have been listed for your convenience.

Exhibit C is being supplied to you in order to show a breakdown of loss ratios by size of premium. Please note that page one of Exhibit C is data from the State of Alaska. We would like to point out the great variability of the loss ratios among the various ranges of premium size. Such a phenomena may be expected when one uses a limited statistical base such as that used on page one. In order to review similar data on a much broader statistical base, thereby giving greater credence to the results, we have attached page two of Exhibit C. This page shows the loss ratios for different premium sizes on a countrywide basis. As can be seen, the loss ratios for the smaller policies are higher than the loss ratios for the larger policies.

Exhibit D allows one to review changes in the ratio of paid to incurred losses for policy year 1974 at different points in time. These ratios have been computed from a sample of companies representing approximately 60% of the premium volume in the state. Since Exhibit D is based upon a substantial portion of Alaska experience, conclusions drawn from the exhibit can be applied to the entirety of the Alaska Experience. We wish to point to the following conclusions.

1. The incurred loss figures, which are composed of paid loss and loss reserve components, can be seen to increase over time.
2. For this policy year, the ratio of the paid loss to the incurred loss continues to increase as the policy year matures.

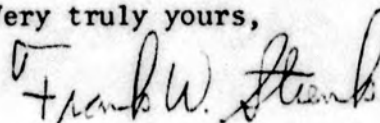
3. As of a fifth report, the ratio of paid loss to incurred loss is 81%. As the policy year continues to mature, this ratio can be expected to increase. This may continue for many years, which is indicative of the long-tailed nature of workers' compensation insurance.

I have also enclosed for your convenience a copy of the National Council on Compensation Insurance Experience Rating Manual. This manual explains the Experience Rating Plan which is on file with the Alaska Insurance Department.

We are currently compiling data to supply you with additional information on average cost per case data in Alaska. This material will be supplied to you upon completion.

In the interim, if you have any questions, please feel free to call.

Very truly yours,



Frank W. Strenk
Actuarial Supervisor

FWS:TR
Enclosures

NATIONAL COUNCIL ON COMPENSATION INSURANCE

EXHIBIT A

ALASKA - EXPENSE PROVISIONS

<u>Date of Revision</u>	<u>General Expense Provision (Net Basis)</u>	<u>Loss Adjustment Expense (Related to Net Premium)</u>	<u>Loss Adjustment Expense (Percentage of Incurred Losses)</u>
6- 1-80	5.3%	8.2%	11.5%
12- 1-79	5.3%	8.2%	11.5%
10- 1-78	5.7%	8.0%	11.5%
3- 1-78	5.8%	8.5%	12.5%
9- 1-77	6.0%	8.4%	12.5%
2- 1-77	6.0%	8.4%	12.5%
11- 1-76	6.0%	8.4%	12.5%
6- 1-75	6.0	8.4%	12.5%
6- 1-74	6.0%	8.7%	13.0%
3- 1-73	6.1%	8.7%	13.0%
6-15-72	6.0%	9.1%	13.5%

EXHIBIT BALASKASpecial Call for Expenses - 1979 (All Companies)
(Percentage of Net Earned Premium)

<u>Expense Item</u>	<u>Percentage (of Net Earned Premium)</u>
1. General Expenses	5.4%
2. Aquisition and Field Supervision	8.9%
3. Taxes, Licenses and Fees	3.6%
4. Loss Adjustment Expense	9.4%

NATIONAL COUNCIL ON COMPENSATION INSURANCE
ALASKA PREMIUM RISK STUDY

	RISK	PREMIUM	MEDICAL	INDEMNITY	LOSSES	LOSS RATE
0 TO 100	855	45692	22488	17567	40055	.876
101 TO 299	967	182751	77841	104442	182283	.997
300 TO 499	524	202824	321226	498344	819570	4.040
500 TO 749	409	250045	85868	122626	208494	.833
750 TO 999	294	254720	64257	95617	159874	.627
1000 TO 4999	1184	2674147	847173	1490416	2337589	.874
5000 TO 99999	608	11363708	4453952	8375856	12829808	1.129
OVER 99999	27	4502663	1039475	2354246	3393721	.753
TOTAL	4868	19476550	6912280	13059114	19971394	1.025

COUNTRYWIDE - PREMIUM RISK STUDY*

Range	Risk	Premium	Medical	Indemnity	Losses	Loss Ratio
0 - 100	280,711	14,863,671	6,239,664	11,841,190	18,080,854	1.216
101 - 299	332,569	61,857,394	19,838,513	32,625,857	52,464,375	.848
300 - 499	166,996	65,186,868	19,279,327	31,839,354	51,113,681	.784
500 - 749	129,136	78,530,811	23,580,590	39,525,498	63,106,088	.804
750 - 999	74,302	64,415,059	18,776,568	31,793,401	50,569,969	.785
1,000 - 4,999	257,998	558,726,375	164,139,686	275,252,251	439,391,937	.786
5,000 - 99,999	89,690	1,450,471,070	448,419,644	787,155,016	1,235,574,660	.852
Over 99,999	3,133	720,081,576	187,146,249	372,749,876	559,896,125	.778
TOTAL	1,334,585	3,014,132,824	887,420,246	1,582,782,443	2,470,202,689	.820

* Based on Unit Statistical Plan data for policy year 1973-74 for states where NCCI collects such data; losses adjusted for loss adjustment expense and development to an ultimate report basis.

EXHIBIT DALASKAPolicy Year 1974 - Ratio of Paid to Incurred Loss

<u>Valued as of Dec. 31,</u>	<u>(1) Paid Loss*</u>	<u>(2) Incurred Loss*</u>	<u>(3) Ratio (1)÷(2)</u>
1975 (1st Report)	\$ 4.9	\$11.1	.44
1976 (2nd ")	7.4	11.6	.64
1977 (3rd ")	8.6	11.8	.73
1978 (4th ")	9.5	11.7	.81
1979 (5th ")	10.0	12.4	.81

* In millions of dollars.

Experience Rating Plan Manual for
WORKERS' COMPENSATION and
EMPLOYERS' LIABILITY INSURANCE



NATIONAL COUNCIL ON COMPENSATION INSURANCE
One Penn Plaza, New York, N.Y. 10119

Copyright 1980 by National Council on Compensation Insurance

Experience Rating Plan Manual for
**WORKERS' COMPENSATION and
EMPLOYERS' LIABILITY INSURANCE**



NATIONAL COUNCIL ON COMPENSATION INSURANCE
One Penn Plaza, New York, N.Y. 10119

TABLE OF CONTENTS

GENERAL RULES	Page
I. INSTRUCTIONS	1
II. DEFINITIONS	1
1. Entity	1
2. Risk	1
3. Experience	1
4. Manual Rates	1
III. GENERAL PROVISIONS	2
1. Eligibility Requirements	2
2. Experience Period	2
3. Experience Period Extension	2
4. Multiple Policies	2
5. Experience to be Used	2
6. Non-Member Carriers' Data	2
7. Self-Insurers' Data	2
8. Cost Plus Contracts	2
9. Combination of Entities	3
10. Merger or Consolidation	3
11. Change of Control, Management, Name, Operations or Ownership	3
12. Joint Ventures	4
IV. APPLICATION OF EXPERIENCE MODIFICATION	4
1. Experience Modification	4
2. Period and Operations Affected	5
3. Single Policy Risk	5
4. Multiple Policy Risk	5
V. TABULATION OF EXPERIENCE	5
1. Experience Used for Rating	5
2. Rating Forms	5
3. Payrolls	6
4. Losses	6
5. Limitation on Total Losses Employed in a Rating	6
6. Plant Hospital Contributions	6
7. Joint Hospital Contracts	7
8. Clinical Medical	7
9. Moral Responsibility	7
10. Revision of Losses	7
11. Third Party and Liability-Over Cases	7
VI. RATING PROCEDURE	8
1. Primary Actual Losses	8
2. Expected Loss Rate	8
3. D Ratio	8
4. Stabilizing Element (B Value)	8
5. W Values	8
6. Experience Modification	8
7. Ex-Medical Experience	9
8. Symbol (a) Rated Classifications	9

TABLE OF CONTENTS—Continued

	Page
VII. UNITED STATES LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT COVERAGE.....	9
VIII. EMPLOYERS' LIABILITY COVERAGE	10
IX. NATIONAL DEFENSE PROJECTS RATING PLAN: ATOMIC ENERGY	10
X. SPECIAL PROCEDURE—CODE 7421—AIRCRAFT OPERATION	11
XI. RATING FORMS APPLICABLE FOR USE IN CONNECTION WITH THE EXPERIENCE RATING PLAN MANUAL.....	11
TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES	12
TABLE II—VESSEL AND MARITIME CLASSES, MANUAL RATES, EXPECTED LOSS RATES AND D RATIOS.....	62

GENERAL RULES

SECTION I
INSTRUCTIONS

1. The rules of this Plan shall govern the experience rating procedure to be followed in connection with Workers' Compensation and Employers' Liability Insurance unless otherwise provided under state experience rating exception provisions.

These rules have been prepared as applicable to policies written or issued for a period not in excess of one year. When, however, policies are written for periods of more than one year, such policies shall be considered as consisting of consecutive units of twelve months or if the period of coverage is not a multiple of twelve months the first or last unit shall be considered as though it were a short term policy. If, however, coverage is written for a period that is more than one year but not more than one year and sixteen days, such entire period shall be considered as a unit of coverage. Each unit as defined above shall be subject separately to all of the rules and procedures specified in this Plan to the same degree as if it actually constituted a separate policy.

In the event the policy period for a long term policy is more than one year and sixteen days, and is not made up of complete twelve month periods, an endorsement shall be attached to the policy specifying whether the first or last unit shall be considered as though it were a short term policy.

2. The rules and rating values of this Plan become effective at 12:01 A.M. as of the dates indicated upon the several pages, unless otherwise specifically provided by bulletin issued by the Board or Bureau having jurisdiction. When a change is made, a reprinted page containing the change and the effective date thereof will be distributed. The change will be specifically designated by a star (★) on the outer margin of the page.

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first normal anniversary rating date of the risk, as established by the supervising Board or Bureau having jurisdiction, which is on or after the effective date of the change as specified in Rule 2 above, but shall not otherwise be available to outstanding ratings.

As provided in the standard Workers' Compensation and Employers' Liability policy, the supervising Board or Bureau has full authority to verify any or all data, records or statements of the insured for use in establishing the insured's applicable experience modification under the Plan.

4. It shall not be permissible by cancelation, or re-writing, or by the extension of the policy term, to alter an existing policy for the purpose of enabling the risk to qualify for, or avoid, application of this Plan.

SECTION II
DEFINITIONS

1. **Entity.** The term "entity" shall mean an individual, partnership, corporation, unincorporated association or fiduciary (e.g., trustee, receiver, executor or administrator).

2. **Risk.** The term "risk" as used in this Plan shall mean:

- (a) A single entity,
- (b) Two or more entities which qualify for combination under the rules of Section III of this Plan,

regardless of whether insurance is provided by one or more policies or insurance carriers.

3. **Experience.** For the purpose of this Plan, experience shall mean the record established by a risk under Workers' Compensation and Employers' Liability Insurance as disclosed by the losses incurred by the insurance carrier or carriers and the payrolls or other exposures segregated according to classification of operations.

Note: For special provisions applicable to self-insurers' data see Rule 7 of Section III.

4. **Manual Rates** shall mean the Workers' Compensation and Employers' Liability Insurance Manual rates in force on the effective date of the experience modification except that as respects Rule 1 of Section III manual rates shall mean the manual rates in effect during the experience period.

SECTION III GENERAL PROVISIONS

1. **Eligibility Requirements.** A risk shall qualify for rating under this Plan:

- (a) If the payrolls or other exposures developed during the last year or last two years of the experience period produced a premium at manual rates (See Rule 4 of Section II) of at least \$1,500, or
- (b) If the payrolls or other exposures developed during an experience period of more than two years produced an average annual premium at manual rates (See Rule 4 of Section II) of at least \$750.

The application of Rules 2 and 3 of this section is subject to the provisions of Section V "Tabulation of Experience" of this Plan.

2. **Experience Period.** The experience period, except as otherwise provided in Rules 3 and 4 of this Section, shall be not more than three (3) years, commencing four (4) years prior and terminating one (1) year prior to the date for which an experience modification is to be established. Completed policy periods only shall be used and all such periods wholly within the experience period shall be used.

3. **Experience Period Extension.** If for any reason a part of the earliest policy period falls outside of the normal three (3) year maximum period, such earliest policy period shall be retained in full provided the entire experience period does not then exceed three and three-quarters (3 $\frac{3}{4}$) years, and shall be rejected in full if its retention serves to increase the experience period beyond three and three-quarters (3 $\frac{3}{4}$) years.

If the policy period immediately preceding the earliest policy period completely within the normal three year experience period is less than a twelve month period and has been used in only two previous ratings, then such short term policy period shall be retained in full provided the entire experience period does not then exceed three and three-quarters (3 $\frac{3}{4}$) years, and shall be rejected in full if its retention serves to increase the experience period beyond three and three-quarters (3 $\frac{3}{4}$) years.

4. **Multiple Policies.** If a risk involves two or more policies varying in expiration date, the experience period shall be determined for each policy separately in accord-

ance with the foregoing rules, except that the completed policy period beginning more than one year and terminating not less than six months prior to the date for which an experience modification is to be established.

5. **Experience To Be Used.** The entire experience of the risk (except as otherwise provided in this Plan) incurred within the experience period on all its operations whether such operations are normal to the business or otherwise, shall be reported and used in determining the experience modification. The supervising Board or Bureau may at its discretion verify any or all of the data from which the experience modification is to be determined.

Experience developed on work let to and performed by an uninsured contractor shall be considered as the experience of the primary contractor or principal whose insurance carrier is liable for the payment of compensation under any provisions of the applicable Workers' Compensation Law, as respects such work.

If a risk sells or disposes of all or part of its assets, or discontinues or self-insures all or part of its operations, all experience incurred prior thereto shall be used in rating any remaining or future operations of the risk.

6. **Non-Member Carriers' Data.** Experience data of non-member carriers or of carriers that have discontinued business (which has not been used in previous ratings) shall be accepted only if subject to verification as to completeness and accuracy of the information to the satisfaction of the supervising Board or Bureau.

7. **Self-Insurers' Data.** The experience of self-insurers may be accepted by the supervising Board or Bureau provided the experience on self-insured operations is submitted on an approved form giving definite information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier and supported by affidavit of the employer.

Self-insured experience shall not be used in rating a risk unless the operations that produced such experience are to be insured under a Standard Workers' Compensation and Employers' Liability Insurance Policy.

8. **Cost Plus Contracts.** If a contractor performs a construction job on a cost plus basis and a policy is issued to cover the insurable interest of both the contractor and the principal, the contractor's experience modification shall apply to the policy and the experience incurred under such policy shall be considered to be experience of the contractor.

COMBINATION OR CHANGES OF STATUS**9. Combination of Entities.**

- (a) Two or more entities shall not be combined for rating purposes; provided, however, that combination shall be made as respects entities in each of which the same person, or group of persons, or corporation owns a majority interest.
- (b) If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all entities so related shall be combined regardless of the number of entities in succession.

In the term "majority interest," as used in this Rule, "majority" shall mean more than 50%.

If an entity other than a partnership

- i. has issued voting stock, majority interest shall mean a majority of the issued voting stock;
- ii. has not issued voting stock, majority interest shall mean a majority of the members;
- iii. has not issued voting stock and has no members, majority interest shall mean a majority of the board of directors or comparable governing body.

If an entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

Note: If two or more difference combinations are possible in accordance with provisions of this Rule, the combination involving the greatest number of entities shall be made. The experience of any entity used in such a combination shall not otherwise be used in combination with any other entity.

The experience to be used in a rating combination shall be subject to the provisions of the rule "Change of Ownership" of this Section.

10. Merger or Consolidation.

Merger—If two or more entities are merged so that the ownership interest (as defined in Rule 11 of this Section) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

Consolidation—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in Rule 11 of this Section) of the prior entities, the incurred experience of all such consolidated entities shall be used for experience rating the new entity.

11. Change of Control, Management, Name, Operations or Ownership.

- (a) If there is a change in control, management, name or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
- (b) If there is a change in ownership interest, either alone or accompanied by a change in control, management, name or operations (other than as respects mergers or consolidations covered by Rule 10 of this Section) incurred experience shall be used in future ratings.

Exception: Incurred experience shall not be used in the future ratings of the entity undergoing change:

- i. When the entire ownership interest after the change had no ownership interest before the change, or
- ii. When the collective ownership interest of all those having such an interest in the entity both before and after the change in ownership amounts to either:
 - (a) less than 33 1/3% of the ownership interest before the change, or
 - (b) less than 50% of the ownership interest after the change.

Note: In the application of this Exception an analysis shall be made to determine the individuals holding ownership interests in any entity, whether the entity be the one being rated or any other entity in any way connected, directly or indirectly, in any chain of ownership with the risk being rated.

Ownership Interest:

- (1) of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation.
- (2) if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership.

(3) if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership.

(4) of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership.

(5) shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession, a trustee under a revocable trust or a franchisor. Ownership interest held by an entity in a fiduciary capacity and ownership interest held by the same entity in a non-fiduciary capacity shall be deemed to be ownership interest of the same entity.

12. Joint Ventures. When two or more contractors associate for the purpose of undertaking one or more construction, erection or demolition projects as a joint venture, the premium for the operations involved in such venture shall be subject to an experience modification, which shall be the arithmetical average of the experience modifications of the joint contract ventures, which are effective in the jurisdiction where such operations are to be carried on, in force on the effective date of the policy covering the joint venture [using unity (1.00) for the experience modification for any contract venturer who is not subject to experience rating] subject, however, to the following conditions:

- (1) The contracts shall be awarded in the name of the associated contractors as a joint venture.
- (2) The joint venturers shall share responsibility for, and participate in the control, direction and supervision of all work undertaken.
- (3) The joint venturers shall maintain a common bank account, payroll and business records.

The arithmetical average experience modification aforementioned shall be effective as of the inception date of the initial policy covering the joint venture and shall be applicable for a period of 12 months. At the end of the period, and annually thereafter on a rating anniversary determined in accordance with the provisions of this Plan, a new arithmetical average experience modification shall be calculated. When, however, the joint venture on the basis of its own developed experience qualifies for rating in accordance with the provisions of this Plan, the experience modification for the future rating of the venture shall be based on such experience exclusively.

An experience modification determined in accordance with the foregoing shall be applicable for its effective period to all policies covering the identical contractors collectively as joint venturers.

The experience developed under a joint venture shall be excluded from the future rating of the individual contractors.

SECTION IV APPLICATION OF EXPERIENCE MODIFICATION

1. Experience Modification. An experience modification for a qualified risk shall be determined annually (except as provided in Rules 3 and 4 of this Section) and shall be effective as of the normal anniversary rating date of the risk. No more than one experience modification shall apply to a risk at the same time. Subject to the exceptions noted below, the experience modification shall be applied to the premium developed by the use of manual rates in force on the effective date of the experience modification.

Exception (a):

CLASSIFICATIONS WITH NON-RATABLE ELEMENTS

The manual rates for the classifications shown below contain elements which are not subject to experience rating:

Code	Phraseology	Non-Ratable Element Expressed as % of Rate
4779	Fireworks Mfg.	31%
4775	Expl. or Ammun. Mfg.—Cartridge Charging or Loading	12
3574	Expl. or Ammun. Mfg.—Cartridge Mfg. or Assembling	11
4770	Expl. or Ammun. Mfg.—Bag Loading	13
4773	Expl. or Ammun. Mfg.—High Expl. Mfg.	17
4774	Expl. or Ammun. Mfg.—Smokeless Powder Mfg.	15
4775	Expl. or Ammun. Mfg.—Shell Case Loading	14
4776	Expl. or Ammun. Mfg.—Projectile, Bomb, etc.	16
4779	Expl. or Ammun. Mfg.—Cap, Primer, etc.	15
4799	Expl. or Ammun. Mfg.—Black Powder	21
7250	Trucking—Explosives	50
7323	Stevedoring—Explosives	30
7362	Freight Handlers—Explosives	30
7405	Aircraft Operation—Scheduled Airlines	35
7431	Aircraft Operation—Irregular or Non-scheduled Airlines	35

For such classifications the authorized rates to be shown in the policy shall be determined as follows:

$$\text{(Ratable Element + } \frac{\text{(Non-Ratable Element)}}{\text{Modification}} \text{) = Authorized Rate}$$

For these classifications the premium produced through use of the authorized rates will be considered as premium for the purpose of application of the experience modification.

Exception (b):

PREMIUMS NOT SUBJECT TO EXPERIENCE RATING

The following are not subject to experience rating:

- i. Loss and Expense Constants
- ii. The policy minimum premium.
- iii. Premium under the National Defense Projects Rating Plan.
- iv. Premium under Rule 1 of the Manual procedure captioned "Atomic Energy."

2. Period and Operations Affected. The experience modification shall be effective for a period of twelve months (except as provided in Rules 3 and 4 of this Section) and shall apply to all the operations of the risk, regardless of whether the current or any new operations are assigned to the same classifications as were used in establishing such modification.

3. Single Policy Risk. If a risk is covered by a single policy, the following procedure shall apply:

- (a) The experience modification effective as of the normal anniversary rating date shall apply for the full term of the policy which becomes effective on such date and also for the full term of any policy which becomes effective within three months after such date.
- (b) If a policy becomes effective on a date more than three months after the normal anniversary rating date:
 - i. the outstanding experience modification shall apply to the new policy for the period corresponding to the unexpired term of the rating.
 - ii. a new experience modification then shall apply for the unexpired term of the outstanding policy.
 - iii. thereafter, a new modification shall apply annually as of a new normal anniversary

rating date. The new normal anniversary rating date shall be the date twelve months after the effective date of the outstanding policy.

4. Multiple Policy Risk. If a risk is covered by several policies which differ as to inception dates the following procedure shall apply:

A single experience modification shall be computed to be effective for a period of twelve months beginning on a normal anniversary rating date established by the Board or Bureau having jurisdiction and shall be applicable to all policies for that portion of their terms which falls within the period that such modification is in force, regardless of the inception or termination date of such policies. At the end of that period and annually thereafter a new experience modification shall be computed which shall apply to the unexpired term of any policy issued during the preceding period and to policies issued during the next twelve months until the next normal anniversary rating date. The Board or Bureau having jurisdiction may, however, authorize the application of an existing experience modification for a period not to exceed fifteen months or a new experience modification for a period greater than three months and less than twelve months for the purpose of establishing a new normal anniversary rating date.

SECTION V

TABULATION OF EXPERIENCE

1. Experience Used for Rating. The experience used for rating purposes shall be the individual risk experience valued at least three months prior to the rating date and reported in accordance with the provisions of the approved Unit Statistical Plan.

2. Rating Forms. To determine the experience modification the prescribed experience shall be tabulated by the supervising Board or Bureau on approved rating forms.

Note: The experience on risks which have been insured in the past on an ex-medical basis, either for part or all of the experience period, shall be tabulated on the approved ex-medical form for that period during which such coverage was in force, regardless of whether future coverage is to be written excluding or including medical aid.

3. **Payrolls.** The audited payroll or other exposures for each classification for the experience period shall be tabulated by policy periods.

4. **Losses.** Incurred losses shall be tabulated by policy year in the manner indicated below. However, where the rating date is not an anniversary of the effective date of the policy under which such losses were incurred, both the effective month and year of the policy shall be shown.

(a) The indemnity and medical incurred on each case shall be combined and the total cost, limited to the applicable accident limitation as described herein and shown on Table III, shall be listed for rating purposes in accordance with the procedure set forth in the following paragraphs (b) to (d) inclusive. All disease losses shall be separately identified as such and, except as provided in Rule 5(b) of this Section below, shall be treated the same as losses resulting from traumatic injury. Losses incurred under the state workers' compensation law shall be subject to the State Accident Limitation shown on the appropriate state Table III. Losses incurred under the United States Longshoremen's and Harbor Workers' Act shall be subject to the United States Longshoremen's and Harbor Workers' Act Accident Limitation shown on the appropriate state Table III. Losses incurred under any of the employers' liability coverages described in Section VIII hereof shall be subject to the Employers' Liability Accident Limitation shown on the appropriate state Table III.

(b) Cases on each of which the combined indemnity and medical cost does not exceed \$2,000 shall not be listed individually but shall be summarized and reported in the aggregate by policy year subject to the conditions noted above. Any disease losses included in this category shall be shown in a separate group in accordance with paragraph (a) above. If one or more claims within a group are open, the group shall be designated as open by the symbol "O."

(c) Cases on which the combined indemnity and medical exceeds \$2,000 shall be individually listed. The status of any such case shall be indicated by an "O" or "F" in the appropriate column.

(d) Cases involving non-compensable medical only shall be tabulated in accordance with paragraph (b) and (c) above.

5. **Limitation on Total Losses Employed in a Rating.**

(a) **Accidents Involving Two or More Persons.** In accidents involving injuries to two or more persons, the total losses chargeable to the accident and employed in the rating shall be limited to twice the applicable accident limitation as described in Rule 4, "Losses," and shown in Table III. The total primary losses chargeable to the accident and employed in the rating shall be limited to \$20,000, which is twice the maximum primary value. The total excess losses chargeable to the accident and employed in the rating shall be the difference between the total losses chargeable to the accident (limited to the applicable accident limitation as described in Rule 4, "Losses," and shown in Table III) and the corresponding primary losses.

(b) **Disease Losses.** For each policy year, the total disease losses shall be limited to the applicable accident limitation as described in Rule 4, "Losses," and shown in Table III, plus 40% of the risk's total expected losses for the experience period. For each policy year, the primary disease losses shall be limited to \$20,000, which is twice the maximum primary value, plus 40% of the risk's total expected primary losses for the experience period.

For each policy year, the excess disease losses shall be the difference between the total disease losses and the primary disease losses as determined above.

Note: For purposes of applying Rule (b) above, the disease losses of all policies included in the rating and effective within 24 months prior to the effective date of the modification shall be combined to constitute the disease losses of the latest policy year; similarly disease losses of all policies effective within the next prior 12 months shall be combined for the second prior policy year; and the disease losses of all other prior policies shall be combined to constitute the earliest policy year.

6. **Plant Hospital Contributions.** If the carrier furnishes first aid equipment or contributes to the cost of plant hospitals maintained by the insured, or pays the salaries, in whole or in part, of medical personnel employed by the insured or in other ways contributes to the cost of medical facilities maintained by the insured, such contributions shall be treated as primary losses and shall be tabulated in accordance with Rule 4(b) of Section V.

If the carrier loans hospital equipment to the insured, 20% of the replacement cost new shall be treated as primary losses and tabulated in accordance with Rule 4(b) of Section V, for each policy year during which such equipment is on loan.

7. Joint Hospital Contracts. If the carrier has maintained a contract for medical and/or hospital services covering more than one risk, the amount of such medical reported for a given risk shall be the pro rata share of the total contract price based upon the number of treatments.

8. Clinical Medical. When a carrier maintains a medical clinic, the cost of each treatment given shall be charged against the individual risk in accordance with a fixed schedule of charges per treatment. The cost of each treatment shall be further assigned to the individual compensation claim wherever possible. Treatments not assigned to individual compensation claims shall be treated as primary losses and shall be tabulated in accordance with Rule 4(b) of Section V. Such schedule of charges may distinguish between types of treatment and shall apply without exception to all risks with cases treated by the clinic and shall be frequently revised and adjusted if necessary so that the total charges for a given period will be equivalent to the total cost of maintaining the clinic, including salaries, rent, light, heat, depreciation of equipment, cost of supplies, etc.

9. Moral Responsibility. No loss shall be excluded from the experience of a risk on the ground that the employer was not morally responsible for the accident that caused such loss.

10. Revision of Losses. It shall not be permissible to revise values because of departmental or judicial decision or because of developments in the nature of injury between two valuation dates; provided, however, that

- (a) in cases where loss values are included or excluded through mistake other than error of judgment,
- (b) where the claim is non-compensable (see Note below),
- (c) where the claimant or carrier has recovered in an action against a third party and the third party has not brought a liability-over claim or suit against the insured, or
- (d) where upon settlement or final adjudication of a third party liability-over claim or suit, the third party has not recovered against the insured,

it shall be permissible to submit a revised reporting and the supervising Board or Bureau shall thereupon adjust the current rating. Such revised losses may be used to adjust the two immediately preceding ratings.

Note: For purposes of this Rule the term "non-compensable" refers to:

- i. an official ruling specifically holding that a claimant is not entitled to benefits under the Workers' Compensation Law.
- ii. a case where no claim was filed during the period of limitation provided by the Workers' Compensation Law for the filing of such claim and the carrier therefor closes the case.
- iii. a case where the carrier contends, prior to the valuation date, that a claimant is not entitled to benefits under the Workers' Compensation Law and the claim is officially closed because of the claimant's failure to prosecute his claim.

11. Third Party and Liability-Over Cases.

- (a) **Pending Cases.** When a negligence claim or suit has been instituted by a claimant against a third party or a liability-over claim or suit is involved, the procedure shall be as follows:

If the claim or suit against the third party has not been settled or finally adjudicated, the incurred loss, subject to the appropriate accident limitation shown on Table III, shall be included in the rating since failure to recover against a third party is no bar to compensation and the insurance carrier may eventually be obliged to indemnify the claimant in whole or in part for the loss sustained.

Liability-over loss valuations for claims or suits not settled shall be included in the rating, subject to the appropriate accident limitation shown on Table III, as the possibility of payment exists as in any third party case.

- (b) **Settled Cases—Other Than Liability-Over.** In cases where the carrier has received reimbursement under subrogation rights, or where the injured employee or his dependents have recovered from a third party, the procedure shall be as follows:

The net loss limited, however, to the appropriate accident limitation shown on Table III, shall be tabulated.

The net loss tabulated for experience rating shall be determined by deducting from the incurred loss prior to recovery, the amount recovered through subrogation reduced by any expense incurred in obtaining such recovery. However, in cases where the expense incurred in connection with such recovery exceeds the amount recovered, the net loss tabulated shall not exceed the gross amount of loss prior to recovery.

(c) **Settled Cases—Liability-Over.** In cases where the carrier successfully defends a liability-over claim or suit by a third party against the insured and no payment is made, the experience rating shall include any allocated claim adjustment expenses incurred in the defense of such claim or suit.

The above amount is subject to the Employers' Liability Accident Limitation shown on Table III.

In cases where the carrier makes a payment because of a liability-over claim or suit by a third party against the insured, the procedure shall be as follows:

The loss valuation established for the liability-over claim or suit shall be retained in the experience rating until the next normal valuation date at which time the settlement amount increased by any allocated claim adjustment expenses incurred in the defense of such claim or suit shall be used in future ratings.

The above amount is subject to the Employers' Liability Accident Limitation shown on Table III.

SECTION VI RATING PROCEDURE

1. Primary Actual Losses. Actual losses that are tabulated in accordance with Rule 4(b) of Section V, shall be used in the rating as primary losses. The primary value for any other case which is individually listed shall be determined by the formula:

$$\text{Primary loss} = \frac{10,000 \times \text{Total loss}}{\text{Total loss} + 8,000}$$

In lieu of the above, the same primary value for each case involving excess loss can be obtained from Table I.

2. Expected Loss Rate. The policy year classification expected loss rates required for the calculation of the total expected losses shall be obtained from Table II of the Plan.

3. D Ratio. The Plan provides for the determination of "primary expected losses" corresponding to the primary actual losses referred to above. The classification D ratios required for the determination of the primary expected losses shall be obtained from Table II of the Plan.

4. Stabilizing Element (B Value). In order to limit the effect of a single severe accident on the modification of a small risk, a stabilizing element (designated B Value) is added to both the primary actual and primary expected losses. The B Value varies with the risk total expected losses and is obtained from Table III of the Plan.

5. W Values. For risks producing total expected losses equal to or less than \$25,000, only the primary actual losses enter into the numerator of the risk modification and the excess actual losses are replaced by the corresponding excess expected losses. For risks producing total expected losses amounting to more than \$25,000, a specified percentage of the excess actual losses enters into the numerator of the risk modification. This percentage (designated the W Value) varies with the volume of risk expected losses and shall be obtained from Table III. The balance of excess actual losses—that is, the proportion (1-W) of excess actual losses—is replaced by the corresponding proportion of excess expected losses.

6. Experience Modification. The experience modification is determined from the formula:

$$\begin{aligned} \text{Modification} &= \frac{A_p + B + WA_e + (1-W)E_e}{E + B} \\ &= \frac{A_p + B + WA_e + (1-W)E_e}{E_p + B + WE_e + (1-W)E_e} \end{aligned}$$

where A_p = Primary Actual Losses

B = The B Value for each risk as obtained from Table III

W = A specific percentage for each risk as obtained from Table III

A_e = The excess of the risk actual losses over the primary actual losses

E_p = Primary expected Losses

E_e = The excess of the risk expected losses over the primary expected losses

E = Total expected losses.

For risks producing total expected losses of \$25,000 or less, the W Value is zero and, therefore, the formula for the risk modification becomes:

$$\begin{aligned} \text{Modification} &= \frac{A_p + B + E_c}{E + B} \\ &= \frac{A_p + B + E_c}{E_p + B + E_c} \end{aligned}$$

The experience modification shall be rounded to two decimal places.

7. Ex-Medical Experience. Experience developed on an ex-medical coverage basis shall be treated in accordance with the General Rules of this Plan except as modified by the following:

- (a) The total expected losses on a statutory medical basis shall be used in determining the B and W values.
- (b) The total expected losses on a statutory medical basis for each classification shall be converted to an ex-medical basis by applying to such losses the classification ex-medical multiplier, determined as the complement of 1.30 times the classification Ex-Medical Ratio.
- (c) The primary expected ex-medical losses for each classification shall be the product of the total ex-medical expected losses as determined in (b) above and the classification standard D ratio obtained from the appropriate state Table II.
- (d) The excess expected ex-medical losses for all classifications combined shall be the difference between the sum of the total expected ex-medical losses ((b) above) and the sum of the primary expected ex-medical losses ((c) above).
- (e) For classifications with non-ratable elements (see Section IV), the ex-medical ratios shown in Table II shall be adjusted before being used in Part II of Form ER-2 in accordance with the following formula:

$$\frac{\text{Printed Ex-Medical Ratio}}{\text{(1.0-percentage in table of non-ratable percentages)}} = \frac{\text{Ex-Medical Ratio}}{\text{for classifications with non-ratable element}}$$

8. Symbol (a) Rated Classifications. In the case of a symbol (a) rated classification for which the manual rate is obtained by averaging the various elements of the risk involved, the expected loss rate, D ratio and ex-medical multiplier to be used in rating shall be obtained on an average basis.

SECTION VII

United States Longshoremen's and Harbor Workers' Compensation Act Coverage.

The General Rules of this Plan shall apply, except as otherwise provided or supplemented in this Section.

For those classifications with code numbers followed by the letter "F" the expected loss rates in Table II of this Plan have been calculated to include expected losses under both the state compensation act the United States Longshoremen's and Harbor Workers' Compensation Act.

1. For classifications with code numbers followed by the letter "F" in the state Table II:

- (a) Incurred losses shall be tabulated in accordance with the General Rules of this Plan except that incurred losses under the state act and incurred losses under the United States Longshoremen's Act shall be subject respectively to the accident limitations specified in the state Table III for (a) "State" and (b) "United States Longshoremen's and Harbor Workers' Compensation Act."
- (b) Total expected losses and primary expected losses for these classifications shall be determined by applying to the payrolls of these classifications the expected loss rates and D ratios shown in the appropriate state Table II.
- (c) The experience modification shall be developed in the usual manner using the B value and W value for the risk as determined from the total expected losses and appropriate state Table III.

2. For classifications whose code numbers are not followed by the letter "F" in the state Table II, but where coverage under the United States Longshoremen's and Harbor Workers' Compensation Act is provided:

- (a) Incurred losses shall be tabulated in accordance with sub-paragraph (a) of Rule 1 above.
- (b) Exposures under the United States Longshoremen's and Harbor Workers' Compensation Act, which will be reported in the Unit Report under the regular industrial classification code, designated by the symbols "U.S." or "O.W." in the coverage column of the revised Unit Report Plan Form 21-59, shall be extended at the regular state industrial expected loss rates increased by the United States Longshoremen's and Harbor Workers' Compensation Coverage Percentage shown in the appropriate state Table III of the Plan to determine the total expected losses for such exposure. The corresponding primary expected losses shall be determined by application of the D ratios shown in the appropriate state Table II of the Plan.

Total expected losses and primary losses for exposures not under the United States Longshoremen's and Harbor Workers' Compensation Act shall be determined in the usual manner using the appropriate state expected loss rates and D ratios shown in Table II.

- (c) The experience modification shall be developed in the usual manner using the B value and W value for the risk as determined from the total expected losses and appropriate state Table III.

SECTION VIII EMPLOYERS' LIABILITY COVERAGE

The General Rules of this Plan shall apply, except as otherwise provided or supplemented in this Section. For the purposes of this Section, Employers' Liability coverage shall include Coverage B of the standard provisions Workers' Compensation and Employers' Liability Policy, employers' liability insurance written under Employers' Liability policies, Voluntary Compensation (Coverage C), Admiralty and Federal Employers' Liability Act coverages.

- 1. Employers' Liability coverage subject to a standard limit of liability of \$100,000.

All incurred losses shall be tabulated in accordance with the General Rules of this Plan. The total incurred cost of each case shall be limited to the Employers' Liability Accident Limitation shown in the appropriate state Table III of the Plan.

- 2. Employers' Liability coverage subject to a standard limit of liability of \$25,000 per accident.

- (a) All incurred losses shall be tabulated in accordance with the General Rules of this Plan. The total incurred cost of each case shall be limited to the Employers' Liability Accident Limitation shown in the appropriate state Table III of the Plan.
- (b) Total expected losses and primary expected losses shall be determined by applying to the payrolls the expected loss rates and D ratios shown in the appropriate Table II of the Plan.
- (c) When coverage is written at limits of liability higher than the standard limits of \$25,000, the risk total expected losses shall include expected losses for such higher limits coverage up to limits of \$100,000. These shall be determined by applying the appropriate expected loss ratio to the premium developed by the application of the percentage charge for higher limits coverage up to \$100,000 during the experience period and reported in the Unit Statistical report assigned to Code 0071. In the experience rating calculations such higher limits expected losses shall be assigned entirely to "excess." The expected loss ratio will be found in the expected loss rate column opposite Code 0071 of the appropriate Table II and is applicable to Code 0071 premium; the corresponding D ratio will be zero.
- (d) The risk total expected losses shall not include expected losses for any portion of higher limits coverage which may be provided in excess of limits of \$100,000. The premium developed for coverage in excess of \$100,000 and reported in the Unit Statistical report assigned to Code 0072 shall not be used in the determination of the risk's total expected losses.

SECTION IX NATIONAL DEFENSE PROJECTS RATING PLAN: ATOMIC ENERGY

The experience modification is not applicable to the workers' compensation premium resulting from operations under the National Defense Projects Rating Plan or from operations rated in accordance with Rule 1 of the manual procedure captioned "Atomic Energy." The exposure and losses shall be excluded from experience rating.

**SECTION X
SPECIAL PROCEDURE—CODE 7421—
AIRCRAFT OPERATION**

The passenger seat surcharge premium charged in connection with Code 7421, which is reported under statistical Code 0088, is subject to modification by experience rating. However, exposure and losses reported under statistical Code 0088 shall be excluded from experience rating.

**SECTION XI
RATING FORMS APPLICABLE FOR USE IN
CONNECTION WITH THE EXPERIENCE
RATING PLAN MANUAL**

The following Intrastate Rating Forms are applicable for use in connection with this Plan, except in states where special forms are required by the Board or Bureau having jurisdiction. See the Supplement To Experience Rating Plan Manual for interstate rating forms.

- ER-1, ER-1-IT—One State Experience Rating Form
- ER-2—Individual State Sheet—Ex-Medical
- ERM-3—Occupational Disease Supplementary Form
- ER-4—Accidents Involving Two or More Persons
- ERM-6—Report of Experience of Self Insurers

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
0-2000	Actual	2050	2040	2101	2080	2152	2120
2001	2001	2051	2041	2102	2081	2153	2121
2002	2002	2053	2042	2103	2082	2155	2122
2004	2003	2054	2043	2105	2083	2156	2123
2005	2004	2055	2044	2106	2084	2157	2124
2006	2005	2056	2045	2107	2085	2159	2125
2007	2006	2058	2046	2109	2086	2160	2126
2009	2007	2059	2047	2110	2087	2161	2127
2010	2008	2060	2048	2111	2088	2162	2128
2011	2009	2061	2049	2112	2089	2164	2129
2012	2010	2063	2050	2114	2090	2165	2130
2014	2011	2064	2051	2115	2091	2166	2131
2015	2012	2065	2052	2116	2092	2168	2132
2016	2013	2067	2053	2117	2093	2169	2133
2017	2014	2068	2054	2119	2094	2170	2134
2019	2015	2069	2055	2120	2095	2171	2135
2020	2016	2070	2056	2121	2096	2173	2136
2021	2017	2072	2057	2123	2097	2174	2137
2022	2018	2073	2058	2124	2098	2175	2138
2024	2019	2074	2059	2125	2099	2177	2139
2025	2020	2075	2060	2126	2100	2178	2140
2026	2021	2077	2061	2128	2101	2179	2141
2027	2022	2078	2062	2129	2102	2181	2142
2029	2023	2079	2063	2130	2103	2182	2143
2030	2024	2081	2064	2132	2104	2183	2144
2031	2025	2082	2065	2133	2105	2184	2145
2032	2026	2083	2066	2134	2106	2186	2146
2034	2027	2084	2067	2135	2107	2187	2147
2035	2028	2086	2068	2137	2108	2188	2148
2036	2029	2087	2069	2138	2109	2190	2149
2038	2030	2088	2070	2139	2110	2191	2150
2039	2031	2089	2071	2141	2111	2192	2151
2040	2032	2091	2072	2142	2112	2194	2152
2041	2033	2092	2073	2143	2113	2195	2153
2043	2034	2093	2074	2144	2114	2196	2154
2044	2035	2095	2075	2146	2115	2197	2155
2045	2036	2096	2076	2147	2116	2199	2156
2046	2037	2097	2077	2148	2117	2200	2157
2048	2038	2098	2078	2150	2118	2201	2158
2049	2039	2100	2079	2151	2119	2203	2159

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
2204	2160	2256	2200	2309	2240	2363	2280
2205	2161	2258	2201	2310	2241	2364	2281
2207	2162	2259	2202	2312	2242	2365	2282
2208	2163	2260	2203	2313	2243	2367	2283
2209	2164	2262	2204	2314	2244	2368	2284
2210	2165	2263	2205	2316	2245	2369	2285
2212	2166	2264	2206	2317	2246	2371	2286
2213	2167	2265	2207	2318	2247	2372	2287
2214	2168	2267	2208	2320	2248	2373	2288
2216	2169	2268	2209	2321	2249	2375	2289
2217	2170	2269	2210	2322	2250	2376	2290
2218	2171	2271	2211	2324	2251	2377	2291
2220	2172	2272	2212	2325	2252	2379	2292
2221	2173	2273	2213	2326	2253	2380	2293
2222	2174	2275	2214	2328	2254	2381	2294
2223	2175	2276	2215	2329	2255	2383	2295
2225	2176	2277	2216	2330	2256	2384	2296
2226	2177	2279	2217	2332	2257	2385	2297
2227	2178	2280	2218	2333	2258	2387	2298
2229	2179	2281	2219	2334	2259	2388	2299
2230	2180	2283	2220	2336	2260	2389	2300
2231	2181	2284	2221	2337	2261	2391	2301
2233	2182	2285	2222	2338	2262	2392	2302
2234	2183	2287	2223	2340	2263	2393	2303
2235	2184	2288	2224	2341	2264	2395	2304
2237	2185	2289	2225	2342	2265	2396	2305
2238	2186	2291	2226	2344	2266	2398	2306
2239	2187	2292	2227	2345	2267	2399	2307
2240	2188	2293	2228	2346	2268	2400	2308
2242	2189	2295	2229	2348	2269	2402	2309
2243	2190	2296	2230	2349	2270	2403	2310
2244	2191	2297	2231	2350	2271	2404	2311
2246	2192	2298	2232	2352	2272	2406	2312
2247	2193	2300	2233	2353	2273	2407	2313
2248	2194	2301	2234	2354	2274	2408	2314
2250	2195	2302	2235	2356	2275	2410	2315
2251	2196	2304	2236	2357	2276	2411	2316
2252	2197	2305	2237	2358	2277	2412	2317
2254	2198	2306	2238	2360	2278	2414	2318
2255	2199	2308	2239	2361	2279	2415	2319

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
2416	2320	2471	2360	2526	2400	2582	2440
2418	2321	2472	2361	2528	2401	2583	2441
2419	2322	2474	2362	2529	2402	2585	2442
2421	2323	2475	2363	2530	2403	2586	2443
2422	2324	2477	2364	2532	2404	2587	2444
2423	2325	2478	2365	2533	2405	2589	2445
2425	2326	2479	2366	2534	2406	2590	2446
2426	2327	2481	2367	2536	2407	2592	2447
2427	2328	2482	2368	2537	2408	2593	2448
2429	2329	2483	2369	2539	2409	2594	2449
2430	2330	2485	2370	2540	2410	2596	2450
2431	2331	2486	2371	2541	2411	2597	2451
2433	2332	2487	2372	2543	2412	2599	2452
2434	2333	2489	2373	2544	2413	2600	2453
2436	2334	2490	2374	2546	2414	2601	2454
2437	2335	2492	2375	2547	2415	2603	2455
2438	2336	2493	2376	2548	2416	2604	2456
2440	2337	2494	2377	2550	2417	2606	2457
2441	2338	2496	2378	2551	2418	2607	2458
2442	2339	2497	2379	2553	2419	2608	2459
2444	2340	2498	2380	2554	2420	2610	2460
2445	2341	2500	2381	2555	2421	2611	2461
2446	2342	2501	2382	2557	2422	2613	2462
2448	2343	2503	2383	2558	2423	2614	2463
2449	2344	2504	2384	2559	2424	2616	2464
2451	2345	2505	2385	2561	2425	2617	2465
2452	2346	2507	2386	2562	2426	2618	2466
2453	2347	2508	2387	2564	2427	2620	2467
2455	2348	2510	2388	2565	2428	2621	2468
2456	2349	2511	2389	2566	2429	2623	2469
2457	2350	2512	2390	2568	2430	2624	2470
2459	2351	2514	2391	2569	2431	2625	2471
2460	2352	2515	2392	2571	2432	2627	2472
2461	2353	2516	2393	2572	2433	2628	2473
2463	2354	2518	2394	2573	2434	2630	2474
2464	2355	2519	2395	2575	2435	2631	2475
2466	2356	2521	2396	2576	2436	2632	2476
2467	2357	2522	2397	2578	2437	2634	2477
2468	2358	2523	2398	2579	2438	2635	2478
2470	2359	2525	2399	2580	2439	2637	2479

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
2638	2480	2695	2520	2752	2560	2811	2600
2640	2481	2696	2521	2754	2561	2812	2601
2641	2482	2698	2522	2755	2562	2814	2602
2642	2483	2699	2523	2757	2563	2815	2603
2644	2484	2701	2524	2758	2564	2816	2604
2645	2485	2702	2525	2760	2565	2818	2605
2647	2486	2704	2526	2761	2566	2819	2606
2648	2487	2705	2527	2763	2567	2821	2607
2649	2488	2706	2528	2764	2568	2822	2608
2651	2489	2708	2529	2765	2569	2824	2609
2652	2490	2709	2530	2767	2570	2825	2610
2654	2491	2711	2531	2768	2571	2827	2611
2655	2492	2712	2532	2770	2572	2828	2612
2657	2493	2714	2533	2771	2573	2830	2613
2658	2494	2715	2534	2773	2574	2831	2614
2659	2495	2716	2535	2774	2575	2833	2615
2661	2496	2718	2536	2776	2576	2834	2616
2662	2497	2719	2537	2777	2577	2835	2617
2664	2498	2721	2538	2779	2578	2837	2618
2665	2499	2722	2539	2780	2579	2838	2619
2666	2500	2724	2540	2781	2580	2840	2620
2668	2501	2725	2541	2783	2581	2841	2621
2669	2502	2727	2542	2784	2582	2843	2622
2671	2503	2728	2543	2786	2583	2844	2623
2672	2504	2729	2544	2787	2584	2846	2624
2674	2505	2731	2545	2789	2585	2847	2625
2675	2506	2732	2546	2790	2586	2849	2626
2676	2507	2734	2547	2792	2587	2850	2627
2678	2508	2735	2548	2793	2588	2852	2628
2679	2509	2737	2549	2795	2589	2853	2629
2681	2510	2738	2550	2796	2590	2855	2630
2682	2511	2739	2551	2797	2591	2856	2631
2684	2512	2741	2552	2799	2592	2858	2632
2685	2513	2742	2553	2800	2593	2859	2633
2686	2514	2744	2554	2802	2594	2860	2634
2688	2515	2745	2555	2803	2595	2862	2635
2689	2516	2747	2556	2805	2596	2863	2636
2691	2517	2748	2557	2806	2597	2865	2637
2692	2518	2750	2558	2808	2598	2866	2638
2694	2519	2751	2559	2809	2599	2868	2639

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
2869	2640	2929	2680	2989	2720	3049	2760
2871	2641	2930	2681	2990	2721	3051	2761
2872	2642	2932	2682	2992	2722	3053	2762
2874	2643	2933	2683	2993	2723	3054	2763
2875	2644	2935	2684	2995	2724	3056	2764
2877	2645	2936	2685	2996	2725	3057	2765
2878	2646	2938	2686	2998	2726	3059	2766
2880	2647	2939	2687	2999	2727	3060	2767
2881	2648	2941	2688	3001	2728	3062	2768
2883	2649	2942	2689	3002	2729	3063	2769
2884	2650	2944	2690	3004	2730	3065	2770
2886	2651	2945	2691	3005	2731	3066	2771
2887	2652	2947	2692	3007	2732	3068	2772
2889	2653	2948	2693	3008	2733	3069	2773
2890	2654	2950	2694	3010	2734	3071	2774
2892	2655	2951	2695	3011	2735	3072	2775
2893	2656	2953	2696	3013	2736	3074	2776
2894	2657	2954	2697	3014	2737	3075	2777
2896	2658	2956	2698	3016	2738	3077	2778
2897	2659	2957	2699	3018	2739	3079	2779
2899	2660	2959	2700	3019	2740	3080	2780
2900	2661	2960	2701	3021	2741	3082	2781
2902	2662	2962	2702	3022	2742	3083	2782
2903	2663	2963	2703	3024	2743	3085	2783
2905	2664	2965	2704	3025	2744	3086	2784
2906	2665	2966	2705	3027	2745	3088	2785
2908	2666	2968	2706	3028	2746	3089	2786
2909	2667	2969	2707	3030	2747	3091	2787
2911	2668	2971	2708	3031	2748	3092	2788
2912	2669	2972	2709	3033	2749	3094	2789
2914	2670	2974	2710	3034	2750	3095	2790
2915	2671	2975	2711	3036	2751	3097	2791
2917	2672	2977	2712	3037	2752	3099	2792
2918	2673	2978	2713	3039	2753	3100	2793
2920	2674	2980	2714	3040	2754	3102	2794
2921	2675	2981	2715	3042	2755	3103	2795
2923	2676	2983	2716	3043	2756	3105	2796
2924	2677	2984	2717	3045	2757	3106	2797
2926	2678	2986	2718	3046	2758	3108	2798
2927	2679	2987	2719	3048	2759	3109	2799

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
3111	2800	3173	2840	3236	2880	3299	2920
3112	2801	3174	2841	3237	2881	3301	2921
3114	2802	3176	2842	3239	2882	3302	2922
3115	2803	3178	2843	3240	2883	3304	2923
3117	2804	3179	2844	3242	2884	3306	2924
3119	2805	3181	2845	3244	2885	3307	2925
3120	2806	3182	2846	3245	2886	3309	2926
3122	2807	3184	2847	3247	2887	3310	2927
3123	2808	3185	2848	3248	2888	3312	2928
3125	2809	3187	2849	3250	2889	3314	2929
3126	2810	3189	2850	3251	2890	3315	2930
3128	2811	3190	2851	3253	2891	3317	2931
3129	2812	3192	2852	3255	2892	3318	2932
3131	2813	3193	2853	3256	2893	3320	2933
3132	2814	3195	2854	3258	2894	3322	2934
3134	2815	3196	2855	3259	2895	3323	2935
3136	2816	3198	2856	3261	2896	3325	2936
3137	2817	3199	2857	3263	2897	3326	2937
3139	2818	3201	2858	3264	2898	3328	2938
3140	2819	3203	2859	3266	2899	3330	2939
3142	2820	3204	2860	3267	2900	3331	2940
3143	2821	3206	2861	3269	2901	3333	2941
3145	2822	3207	2862	3270	2902	3334	2942
3146	2823	3209	2863	3272	2903	3336	2943
3148	2824	3210	2864	3274	2904	3338	2944
3150	2825	3212	2865	3275	2905	3339	2945
3151	2826	3214	2866	3277	2906	3341	2946
3153	2827	3215	2867	3278	2907	3342	2947
3154	2828	3217	2868	3280	2908	3344	2948
3156	2829	3218	2869	3282	2909	3346	2949
3157	2830	3220	2870	3283	2910	3347	2950
3159	2831	3221	2871	3285	2911	3349	2951
3160	2832	3223	2872	3286	2912	3350	2952
3162	2833	3225	2873	3288	2913	3352	2953
3164	2834	3226	2874	3290	2914	3354	2954
3165	2835	3228	2875	3291	2915	3355	2955
3167	2836	3229	2876	3293	2916	3357	2956
3168	2837	3231	2877	3294	2917	3358	2957
3170	2838	3233	2878	3296	2918	3360	2958
3171	2839	3234	2879	3298	2919	3362	2959

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
3363	2960	3428	3000	3494	3040	3560	3080
3365	2961	3430	3001	3496	3041	3562	3081
3367	2962	3432	3002	3497	3042	3564	3082
3368	2963	3433	3003	3499	3043	3565	3083
3370	2964	3435	3004	3501	3044	3567	3084
3371	2965	3436	3005	3502	3045	3569	3085
3373	2966	3438	3006	3504	3046	3570	3086
3375	2967	3440	3007	3505	3047	3572	3087
3376	2968	3441	3008	3507	3048	3574	3088
3378	2969	3443	3009	3509	3049	3575	3089
3379	2970	3445	3010	3510	3050	3577	3090
3381	2971	3446	3011	3512	3051	3579	3091
3383	2972	3448	3012	3514	3052	3580	3092
3384	2973	3450	3013	3515	3053	3582	3093
3386	2974	3451	3014	3517	3054	3584	3094
3388	2975	3453	3015	3519	3055	3585	3095
3389	2976	3454	3016	3520	3056	3587	3096
3391	2977	3456	3017	3522	3057	3589	3097
3392	2978	3458	3018	3524	3058	3591	3098
3394	2979	3459	3019	3525	3059	3592	3099
3396	2980	3461	3020	3527	3060	3594	3100
3397	2981	3463	3021	3529	3061	3596	3101
3399	2982	3464	3022	3530	3062	3597	3102
3401	2983	3466	3023	3532	3063	3599	3103
3402	2984	3468	3024	3534	3064	3601	3104
3404	2985	3469	3025	3535	3065	3602	3105
3405	2986	3471	3026	3537	3066	3604	3106
3407	2987	3473	3027	3539	3067	3606	3107
3409	2988	3474	3028	3540	3068	3607	3108
3410	2989	3476	3029	3542	3069	3609	3109
3412	2990	3477	3030	3544	3070	3611	3110
3414	2991	3479	3031	3545	3071	3612	3111
3415	2992	3481	3032	3547	3072	3614	3112
3417	2993	3482	3033	3549	3073	3616	3113
3418	2994	3484	3034	3550	3074	3617	3114
3420	2995	3486	3035	3552	3075	3619	3115
3422	2996	3487	3036	3554	3076	3621	3116
3423	2997	3489	3037	3555	3077	3622	3117
3425	2998	3491	3038	3557	3078	3624	3118
3427	2999	3492	3039	3559	3079	3626	3119

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
3628	3120	3696	3160	3764	3200	3834	3240
3629	3121	3697	3161	3766	3201	3836	3241
3631	3122	3699	3162	3768	3202	3837	3242
3633	3123	3701	3163	3770	3203	3839	3243
3634	3124	3702	3164	3771	3204	3841	3244
3636	3125	3704	3165	3773	3205	3843	3245
3638	3126	3706	3166	3775	3206	3844	3246
3639	3127	3708	3167	3776	3207	3846	3247
3641	3128	3709	3168	3778	3208	3848	3248
3643	3129	3711	3169	3780	3209	3850	3249
3644	3130	3713	3170	3782	3210	3851	3250
3646	3131	3714	3171	3783	3211	3853	3251
3648	3132	3716	3172	3785	3212	3855	3252
3650	3133	3718	3173	3787	3213	3857	3253
3651	3134	3720	3174	3789	3214	3859	3254
3653	3135	3721	3175	3790	3215	3860	3255
3655	3136	3723	3176	3792	3216	3862	3256
3656	3137	3725	3177	3794	3217	3864	3257
3658	3138	3726	3178	3796	3218	3866	3258
3660	3139	3728	3179	3797	3219	3867	3259
3661	3140	3730	3180	3799	3220	3869	3260
3663	3141	3732	3181	3801	3221	3871	3261
3665	3142	3733	3182	3803	3222	3873	3262
3667	3143	3735	3183	3804	3223	3874	3263
3668	3144	3737	3184	3806	3224	3876	3264
3670	3145	3738	3185	3808	3225	3878	3265
3672	3146	3740	3186	3809	3226	3880	3266
3673	3147	3742	3187	3811	3227	3881	3267
3675	3148	3744	3188	3813	3228	3883	3268
3677	3149	3745	3189	3815	3229	3885	3269
3678	3150	3747	3190	3816	3230	3887	3270
3680	3151	3749	3191	3818	3231	3888	3271
3682	3152	3751	3192	3820	3232	3890	3272
3684	3153	3752	3193	3822	3233	3892	3273
3685	3154	3754	3194	3823	3234	3894	3274
3687	3155	3756	3195	3825	3235	3896	3275
3689	3156	3757	3196	3827	3236	3897	3276
3690	3157	3759	3197	3829	3237	3899	3277
3692	3158	3761	3198	3830	3238	3901	3278
3694	3159	3763	3199	3832	3239	3903	3279

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
3904	3280	3976	3320	4048	3360	4121	3400
3906	3281	3977	3321	4050	3361	4123	3401
3908	3282	3979	3322	4051	3362	4124	3402
3910	3283	3981	3323	4053	3363	4126	3403
3911	3284	3983	3324	4055	3364	4128	3404
3913	3285	3985	3325	4057	3365	4130	3405
3915	3286	3986	3326	4059	3366	4132	3406
3917	3287	3988	3327	4060	3367	4134	3407
3919	3288	3990	3328	4062	3368	4136	3408
3920	3289	3992	3329	4064	3369	4137	3409
3922	3290	3994	3330	4066	3370	4139	3410
3924	3291	3995	3331	4068	3371	4141	3411
3926	3292	3997	3332	4070	3372	4143	3412
3927	3293	3999	3333	4071	3373	4145	3413
3929	3294	4001	3334	4073	3374	4147	3414
3931	3295	4003	3335	4075	3375	4148	3415
3933	3296	4004	3336	4077	3376	4150	3416
3935	3297	4006	3337	4079	3377	4152	3417
3936	3298	4008	3338	4081	3378	4154	3418
3938	3299	4010	3339	4082	3379	4156	3419
3940	3300	4012	3340	4084	3380	4158	3420
3942	3301	4013	3341	4086	3381	4159	3421
3943	3302	4015	3342	4088	3382	4161	3422
3945	3303	4017	3343	4090	3383	4163	3423
3947	3304	4019	3344	4091	3384	4165	3424
3949	3305	4021	3345	4093	3385	4167	3425
3951	3306	4022	3346	4095	3386	4169	3426
3952	3307	4024	3347	4097	3387	4171	3427
3954	3308	4026	3348	4099	3388	4172	3428
3956	3309	4028	3349	4101	3389	4174	3429
3958	3310	4030	3350	4102	3390	4176	3430
3960	3311	4031	3351	4104	3391	4178	3431
3961	3312	4033	3352	4106	3392	4180	3432
3963	3313	4035	3353	4108	3393	4182	3433
3965	3314	4037	3354	4110	3394	4184	3434
3967	3315	4039	3355	4112	3395	4185	3435
3968	3316	4041	3356	4113	3396	4187	3436
3970	3317	4042	3357	4115	3397	4189	3437
3972	3318	4044	3358	4117	3398	4191	3438
3974	3319	4046	3359	4119	3399	4193	3439

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
4195	3440	4269	3480	4345	3520	4422	3560
4197	3441	4271	3481	4347	3521	4424	3561
4198	3442	4273	3482	4349	3522	4426	3562
4200	3443	4275	3483	4351	3523	4428	3563
4202	3444	4277	3484	4353	3524	4430	3564
4204	3445	4279	3485	4355	3525	4432	3565
4206	3446	4281	3486	4357	3526	4433	3566
4208	3447	4283	3487	4359	3527	4435	3567
4210	3448	4285	3488	4360	3528	4437	3568
4211	3449	4286	3489	4362	3529	4439	3569
4213	3450	4288	3490	4364	3530	4441	3570
4215	3451	4290	3491	4366	3531	4443	3571
4217	3452	4292	3492	4368	3532	4445	3572
4219	3453	4294	3493	4370	3533	4447	3573
4221	3454	4296	3494	4372	3534	4449	3574
4223	3455	4298	3495	4374	3535	4451	3575
4225	3456	4300	3496	4376	3536	4453	3576
4226	3457	4302	3497	4378	3537	4455	3577
4228	3458	4303	3498	4380	3538	4457	3578
4230	3459	4305	3499	4382	3539	4459	3579
4232	0	4307	3500	4383	3540	4461	3580
4234	1	4309	3501	4385	3541	4463	3581
4236	2	4311	3502	4387	3542	4464	3582
4238	3	4313	3503	4389	3543	4466	3583
4239	4	4315	3504	4391	3544	4468	3584
4241	3465	4317	3505	4393	3545	4470	3585
4243	3466	4319	3506	4395	3546	4472	3586
4245	3467	4321	3507	4397	3547	4474	3587
4247	3468	4322	3508	4399	3548	4476	3588
4249	3469	4324	3509	4401	3549	4478	3589
4251	3470	4326	3510	4403	3550	4480	3590
4253	3471	4328	3511	4405	3551	4482	3591
4254	3472	4330	3512	4406	3552	4484	3592
4256	3473	4332	3513	4408	3553	4486	3593
4258	3474	4334	3514	4410	3554	4488	3594
4260	3475	4336	3515	4412	3555	4490	3595
4262	3476	4338	3516	4414	3556	4492	3596
4264	3477	4340	3517	4416	3557	4494	3597
4266	3478	4341	3518	4418	3558	4496	3598
4268	3479	4343	3519	4420	3559	4498	3599

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
4500	3600	4578	3640	4658	3680	4738	3720
4501	3601	4580	3641	4660	3681	4740	3721
4503	3602	4582	3642	4662	3682	4742	3722
4505	3603	4584	3643	4664	3683	4744	3723
4507	3604	4586	3644	4666	3684	4746	3724
4509	3605	4588	3645	4668	3685	4748	3725
4511	3606	4590	3646	4670	3686	4751	3726
4513	3607	4592	3647	4672	3687	4753	3727
4515	3608	4594	3648	4674	3688	4755	3728
4517	3609	4596	3649	4676	3689	4757	3729
4519	3610	4598	3650	4678	3690	4759	3730
4521	3611	4600	3651	4680	3691	4761	3731
4523	3612	4602	3652	4682	3692	4763	3732
4525	3613	4604	3653	4684	3693	4765	3733
4527	3614	4606	3654	4686	3694	4767	3734
4529	3615	4608	3655	4688	3695	4769	3735
4531	3616	4610	3656	4690	3696	4771	3736
4533	3617	4612	3657	4692	3697	4773	3737
4535	3618	4614	3658	4694	3698	4775	3738
4537	3619	4616	3659	4696	3699	4777	3739
4539	3620	4618	3660	4698	3700	4779	3740
4541	3621	4620	3661	4700	3701	4781	3741
4543	3622	4622	3662	4702	3702	4783	3742
4545	3623	4624	3663	4704	3703	4785	3743
4547	3624	4626	3664	4706	3704	4787	3744
4549	3625	4628	3665	4708	3705	4789	3745
4551	3626	4630	3666	4710	3706	4791	3746
4552	3627	4632	3667	4712	3707	4793	3747
4554	3628	4634	3668	4714	3708	4795	3748
4556	3629	4636	3669	4716	3709	4797	3749
4558	3630	4638	3670	4718	3710	4799	3750
4560	3631	4640	3671	4720	3711	4802	3751
4562	3632	4642	3672	4722	3712	4804	3752
4564	3633	4644	3673	4724	3713	4806	3753
4566	3634	4646	3674	4726	3714	4808	3754
4568	3635	4648	3675	4728	3715	4810	3755
4570	3636	4650	3676	4730	3716	4812	3756
4572	3637	4652	3677	4732	3717	4814	3757
4574	3638	4654	3678	4734	3718	4816	3758
4576	3639	4656	3679	4736	3719	4818	3759

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
4820	3760	4903	3800	4986	3840	5071	3880
4822	3761	4905	3801	4989	3841	5073	3881
4824	3762	4907	3802	4991	3842	5076	3882
4826	3763	4909	3803	4993	3843	5078	3883
4828	3764	4911	3804	4995	3844	5080	3884
4830	3765	4913	3805	4997	3845	5082	3885
4832	3766	4915	3806	4999	3846	5084	3886
4834	3767	4917	3807	5001	3847	5086	3887
4836	3768	4919	3808	5003	3848	5088	3888
4839	3769	4921	3809	5005	3849	5091	3889
4841	3770	4924	3810	5008	3850	5093	3890
4843	3771	4926	3811	5010	3851	5095	3891
4845	3772	4928	3812	5012	3852	5097	3892
4847	3773	4930	3813	5014	3853	5099	3893
4849	3774	4932	3814	5016	3854	5101	3894
4851	3775	4934	3815	5018	3855	5103	3895
4853	3776	4936	3816	5020	3856	5106	3896
4855	3777	4938	3817	5022	3857	5108	3897
4857	3778	4940	3818	5025	3858	5110	3898
4859	3779	4942	3819	5027	3859	5112	3899
4861	3780	4944	3820	5029	3860	5114	3900
4863	3781	4947	3821	5031	3861	5116	3901
4865	3782	4949	3822	5033	3862	5118	3902
4867	3783	4951	3823	5035	3863	5121	3903
4869	3784	4953	3824	5037	3864	5123	3904
4872	3785	4955	3825	5039	3865	5125	3905
4874	3786	4957	3826	5041	3866	5127	3906
4876	3787	4959	3827	5044	3867	5129	3907
4878	3788	4961	3828	5046	3868	5131	3908
4880	3789	4963	3829	5048	3869	5134	3909
4882	3790	4965	3830	5050	3870	5136	3910
4884	3791	4968	3831	5052	3871	5138	3911
4886	3792	4970	3832	5054	3872	5140	3912
4888	3793	4972	3833	5056	3873	5142	3913
4890	3794	4974	3834	5059	3874	5144	3914
4892	3795	4976	3835	5061	3875	5147	3915
4894	3796	4978	3836	5063	3876	5149	3916
4896	3797	4980	3837	5065	3877	5151	3917
4899	3798	4982	3838	5067	3878	5153	3918
4901	3799	4984	3839	5069	3879	5155	3919

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
5157	3920	5244	3960	5333	4000	5422	4040
5159	3921	5247	3961	5335	4001	5424	4041
5162	3922	5249	3962	5337	4002	5427	4042
5164	3923	5251	3963	5339	4003	5429	4043
5166	3924	5253	3964	5342	4004	5431	4044
5168	3925	5255	3965	5344	4005	5433	4045
5170	3926	5258	3966	5346	4006	5436	4046
5172	3927	5260	3967	5348	4007	5438	4047
5175	3928	5262	3968	5351	4008	5440	4048
5177	3929	5264	3969	5353	4009	5442	4049
5179	3930	5266	3970	5355	4010	5445	4050
5181	3931	5269	3971	5357	4011	5447	4051
5183	3932	5271	3972	5359	4012	5449	4052
5186	3933	5273	3973	5362	4013	5452	4053
5188	3934	5275	3974	5364	4014	5454	4054
5190	3935	5277	3975	5366	4015	5456	4055
5192	3936	5280	3976	5368	4016	5458	4056
5194	3937	5282	3977	5371	4017	5461	4057
5196	3938	5284	3978	5373	4018	5463	4058
5199	3939	5286	3979	5375	4019	5465	4059
5201	3940	5288	3980	5377	4020	5467	4060
5203	3941	5291	3981	5380	4021	5470	4061
5205	3942	5293	3982	5382	4022	5472	4062
5207	3943	5295	3983	5384	4023	5474	4063
5209	3944	5297	3984	5386	4024	5476	4064
5212	3945	5299	3985	5389	4025	5479	4065
5214	3946	5302	3986	5391	4026	5481	4066
5216	3947	5304	3987	5393	4027	5483	4067
5218	3948	5306	3988	5395	4028	5486	4068
5220	3949	5308	3989	5397	4029	5488	4069
5223	3950	5311	3990	5400	4030	5490	4070
5225	3951	5313	3991	5402	4031	5492	4071
5227	3952	5315	3992	5404	4032	5495	4072
5229	3953	5317	3993	5406	4033	5497	4073
5231	3954	5319	3994	5409	4034	5499	4074
5233	3955	5322	3995	5411	4035	5501	4075
5236	3956	5324	3996	5413	4036	5504	4076
5238	3957	5326	3997	5415	4037	5506	4077
5240	3958	5328	3998	5418	4038	5508	4078
5242	3959	5331	3999	5420	4039	5511	4079

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
5513	4080	5605	4120	5698	4160	5792	4200
5515	4081	5607	4121	5700	4161	5795	4201
5517	4082	5609	4122	5703	4162	5797	4202
5520	4083	5612	4123	5705	4163	5800	4203
5522	4084	5614	4124	5707	4164	5802	4204
5524	4085	5616	4125	5710	4165	5804	4205
5527	4086	5619	4126	5712	4166	5807	4206
5529	4087	5621	4127	5714	4167	5809	4207
5531	4088	5623	4128	5717	4168	5811	4208
5533	4089	5626	4129	5719	4169	5814	4209
5536	4090	5628	4130	5721	4170	5816	4210
5538	4091	5630	4131	5724	4171	5819	4211
5540	4092	5633	4132	5726	4172	5821	4212
5543	4093	5635	4133	5729	4173	5823	4213
5545	4094	5637	4134	5731	4174	5826	4214
5547	4095	5640	4135	5733	4175	5828	4215
5549	4096	5642	4136	5736	4176	5831	4216
5552	4097	5644	4137	5738	4177	5833	4217
5554	4098	5647	4138	5740	4178	5835	4218
5556	4099	5649	4139	5743	4179	5838	4219
5559	4100	5651	4140	5745	4180	5840	4220
5561	4101	5654	4141	5747	4181	5843	4221
5563	4102	5656	4142	5750	4182	5845	4222
5566	4103	5658	4143	5752	4183	5847	4223
5568	4104	5661	4144	5754	4184	5850	4224
5570	4105	5663	4145	5757	4185	5852	4225
5572	4106	5665	4146	5759	4186	5855	4226
5575	4107	5668	4147	5762	4187	5857	4227
5577	4108	5670	4148	5764	4188	5859	4228
5579	4109	5672	4149	5766	4189	5862	4229
5582	4110	5675	4150	5769	4190	5864	4230
5584	4111	5677	4151	5771	4191	5867	4231
5586	4112	5679	4152	5773	4192	5869	4232
5589	4113	5682	4153	5776	4193	5871	4233
5591	4114	5684	4154	5778	4194	5874	4234
5593	4115	5686	4155	5781	4195	5876	4235
5596	4116	5689	4156	5783	4196	5879	4236
5598	4117	5691	4157	5785	4197	5881	4237
5600	4118	5693	4158	5788	4198	5883	4238
5602	4119	5696	4159	5790	4199	5886	4239

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
5888	4240	5985	4280	6084	4320	6184	4360
5891	4241	5988	4281	6086	4321	6186	4361
5893	4242	5990	4282	6089	4322	6189	4362
5895	4243	5993	4283	6091	4323	6191	4363
5898	4244	5995	4284	6094	4324	6194	4364
5900	4245	5998	4285	6096	4325	6196	4365
5903	4246	6000	4286	6099	4326	6199	4366
5905	4247	6002	4287	6101	4327	6201	4367
5907	4248	6005	4288	6104	4328	6204	4368
5910	4249	6007	4289	6106	4329	6206	4369
5912	4250	6010	4290	6109	4330	6209	4370
5915	4251	6012	4291	6111	4331	6211	4371
5917	4252	6015	4292	6114	4332	6214	4372
5920	4253	6017	4293	6116	4333	6216	4373
5922	4254	6020	4294	6119	4334	6219	4374
5924	4255	6022	4295	6121	4335	6221	4375
5927	4256	6025	4296	6124	4336	6224	4376
5929	4257	6027	4297	6126	4337	6227	4377
5932	4258	6029	4298	6129	4338	6229	4378
5934	4259	6032	4299	6131	4339	6232	4379
5937	4260	6034	4300	6134	4340	6234	4380
5939	4261	6037	4301	6136	4341	6237	4381
5941	4262	6039	4302	6139	4342	6239	4382
5944	4263	6042	4303	6141	4343	6242	4383
5946	4264	6044	4304	6144	4344	6244	4384
5949	4265	6047	4305	6146	4345	6247	4385
5951	4266	6049	4306	6149	4346	6249	4386
5954	4267	6052	4307	6151	4347	6252	4387
5956	4268	6054	4308	6154	4348	6254	4388
5958	4269	6057	4309	6156	4349	6257	4389
5961	4270	6059	4310	6159	4350	6259	4390
5963	4271	6061	4311	6161	4351	6262	4391
5966	4272	6064	4312	6164	4352	6265	4392
5968	4273	6066	4313	6166	4353	6267	4393
5971	4274	6069	4314	6169	4354	6270	4394
5973	4275	6071	4315	6171	4355	6272	4395
5976	4276	6074	4316	6174	4356	6275	4396
5978	4277	6076	4317	6176	4357	6277	4397
5980	4278	6079	4318	6179	4358	6280	4398
5983	4279	6081	4319	6181	4359	6282	4399

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
6285	4400	6388	4440	6492	4480	6598	4520
6287	4401	6390	4441	6495	4481	6600	4521
6290	4402	6393	4442	6497	4482	6603	4522
6293	4403	6395	4443	6500	4483	6606	4523
6295	4404	6398	4444	6502	4484	6608	4524
6298	4405	6401	4445	6505	4485	6611	4525
6300	4406	6403	4446	6508	4486	6614	4526
6303	4407	6406	4447	6510	4487	6616	4527
6305	4408	6408	4448	6513	4488	6619	4528
6308	4409	6411	4449	6516	4489	6622	4529
6310	4410	6414	4450	6518	4490	6624	4530
6313	4411	6416	4451	6521	4491	6627	4531
6316	4412	6419	4452	6524	4492	6630	4532
6318	4413	6421	4453	6526	4493	6632	4533
6321	4414	6424	4454	6529	4494	6635	4534
6323	4415	6427	4455	6531	4495	6638	4535
6326	4416	6429	4456	6534	4496	6640	4536
6328	4417	6432	4457	6537	4497	6643	4537
6331	4418	6434	4458	6539	4498	6646	4538
6334	4419	6437	4459	6542	4499	6648	4539
6336	4420	6440	4460	6545	4500	6651	4540
6339	4421	6442	4461	6547	4501	6654	4541
6341	4422	6445	4462	6550	4502	6657	4542
6344	4423	6447	4463	6553	4503	6659	4543
6346	4424	6450	4464	6555	4504	6662	4544
6349	4425	6453	4465	6558	4505	6665	4545
6352	4426	6455	4466	6561	4506	6667	4546
6354	4427	6458	4467	6563	4507	6670	4547
6357	4428	6461	4468	6566	4508	6673	4548
6359	4429	6463	4469	6568	4509	6675	4549
6362	4430	6466	4470	6571	4510	6678	4550
6364	4431	6468	4471	6574	4511	6681	4551
6367	4432	6471	4472	6576	4512	6683	4552
6370	4433	6473	4473	6579	4513	6686	4553
6372	4434	6476	4474	6582	4514	6689	4554
6375	4435	6479	4475	6584	4515	6692	4555
6377	4436	6481	4476	6587	4516	6694	4556
6380	4437	6484	4477	6590	4517	6697	4557
6383	4438	6487	4478	6592	4518	6700	4558
6385	4439	6489	4479	6595	4519	6702	4559

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I--PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
6705	4560	6814	4600	6924	4640	7037	4680
6708	4561	6817	4601	6927	4641	7040	4681
6710	4562	6819	4602	6930	4642	7042	4682
6713	4563	6822	4603	6933	4643	7045	4683
6716	4564	6825	4604	6936	4644	7048	4684
6719	4565	6828	4605	6938	4645	7051	4685
6721	4566	6830	4606	6941	4646	7054	4686
6724	4567	6833	4607	6944	4647	7056	4687
6727	4568	6836	4608	6947	4648	7059	4688
6729	4569	6839	4609	6950	4649	7062	4689
6732	4570	6841	4610	6952	4650	7065	4690
6735	4571	6844	4611	6955	4651	7068	4691
6738	4572	6847	4612	6958	4652	7071	4692
6740	4573	6850	4613	6961	4653	7074	4693
6743	4574	6852	4614	6964	4654	7076	4694
6746	4575	6855	4615	6966	4655	7079	4695
6748	4576	6858	4616	6969	4656	7082	4696
6751	4577	6861	4617	6972	4657	7085	4697
6754	4578	6863	4618	6975	4658	7088	4698
6757	4579	6866	4619	6978	4659	7091	4699
6759	4580	6869	4620	6980	4660	7093	4700
6762	4581	6872	4621	6983	4661	7096	4701
6765	4582	6875	4622	6986	4662	7099	4702
6767	4583	6877	4623	6989	4663	7102	4703
6770	4584	6880	4624	6992	4664	7105	4704
6773	4585	6883	4625	6994	4665	7108	4705
6776	4586	6886	4626	6997	4666	7111	4706
6778	4587	6888	4627	7000	4667	7113	4707
6781	4588	6891	4628	7003	4668	7116	4708
6784	4589	6894	4629	7006	4669	7119	4709
6787	4590	6897	4630	7008	4670	7122	4710
6789	4591	6899	4631	7011	4671	7125	4711
6792	4592	6902	4632	7014	4672	7128	4712
6795	4593	6905	4633	7017	4673	7131	4713
6798	4594	6908	4634	7020	4674	7133	4714
6800	4595	6911	4635	7023	4675	7136	4715
6803	4596	6913	4636	7025	4676	7139	4716
6806	4597	6916	4637	7028	4677	7142	4717
6808	4598	6919	4638	7031	4678	7145	4718
6811	4599	6922	4639	7034	4679	7148	4719

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
7151	4720	7266	4760	7384	4800	7503	4840
7153	4721	7269	4761	7387	4801	7506	4841
7156	4722	7272	4762	7390	4802	7609	4842
7159	4723	7275	4763	7393	4803	7512	4843
7162	4724	7278	4764	7395	4804	7515	4844
7165	4725	7281	4765	7398	4805	7518	4845
7168	4726	7284	4766	7401	4806	7521	4846
7171	4727	7287	4767	7404	4807	7524	4847
7174	4728	7290	4768	7407	4808	7527	4848
7176	4729	7292	4769	7410	4809	7530	4849
7179	4730	7295	4770	7413	4810	7533	4850
7182	4731	7298	4771	7416	4811	7536	4851
7185	4732	7301	4772	7419	4812	7539	4852
7188	4733	7304	4773	7422	4813	7542	4853
7191	4734	7307	4774	7425	4814	7545	4854
7194	4735	7310	4775	7428	4815	7548	4855
7197	4736	7313	4776	7431	4816	7551	4856
7200	4737	7316	4777	7434	4817	7554	4857
7202	4738	7319	4778	7437	4818	7557	4858
7205	4739	7322	4779	7440	4819	7560	4859
7208	4740	7325	4780	7443	4820	7563	4860
7211	4741	7328	4781	7446	4821	7566	4861
7214	4742	7331	4782	7449	4822	7569	4862
7217	4743	7334	4783	7452	4823	7572	4863
7220	4744	7336	4784	7455	4824	7575	4864
7223	4745	7339	4785	7458	4825	7578	4865
7226	4746	7342	4786	7461	4826	7581	4866
7228	4747	7345	4787	7464	4827	7584	4867
7231	4748	7348	4788	7467	4828	7587	4868
7234	4749	7351	4789	7470	4829	7590	4869
7237	4750	7354	4790	7473	4830	7594	4870
7240	4751	7357	4791	7476	4831	7597	4871
7243	4752	7360	4792	7479	4832	7600	4872
7246	4753	7363	4793	7482	4833	7603	4873
7249	4754	7366	4794	7485	4834	7606	4874
7252	4755	7369	4795	7488	4835	7609	4875
7255	4756	7372	4796	7491	4836	7612	4876
7257	4757	7375	4797	7494	4837	7615	4877
7260	4758	7378	4798	7497	4838	7618	4878
7263	4759	7381	4799	7500	4839	7621	4879

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

Effective January 1, 1977

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
7624	4880	7747	4920	7872	4960	7999	5000
7627	4881	7750	4921	7875	4961	8002	5001
7630	4882	7753	4922	7878	4962	8005	5002
7633	4883	7756	4923	7881	4963	8009	5003
7636	4884	7759	4924	7885	4964	8012	5004
7639	4885	7762	4925	7888	4965	8015	5005
7642	4886	7766	4926	7891	4966	8018	5006
7645	4887	7769	4927	7894	4967	8021	5007
7648	4888	7772	4928	7897	4968	8025	5008
7651	4889	7775	4929	7900	4969	8028	5009
7655	4890	7778	4930	7903	4970	8031	5010
7658	4891	7781	4931	7907	4971	8034	5011
7661	4892	7784	4932	7910	4972	8037	5012
7664	4893	7787	4933	7913	4973	8041	5013
7667	4894	7790	4934	7916	4974	8044	5014
7670	4895	7794	4935	7919	4975	8047	5015
7673	4896	7797	4936	7922	4976	8050	5016
7676	4897	7800	4937	7926	4977	8053	5017
7679	4898	7803	4938	7929	4978	8057	5018
7682	4899	7806	4939	7932	4979	8060	5019
7685	4900	7809	4940	7935	4980	8063	5020
7688	4901	7812	4941	7938	4981	8066	5021
7691	4902	7815	4942	7942	4982	8070	5022
7694	4903	7819	4943	7945	4983	8073	5023
7698	4904	7822	4944	7948	4984	8076	5024
7701	4905	7825	4945	7951	4985	8079	5025
7704	4906	7828	4946	7954	4986	8083	5026
7707	4907	7831	4947	7957	4987	8086	5027
7710	4908	7834	4948	7961	4988	8089	5028
7713	4909	7837	4949	7964	4989	8092	5029
7716	4910	7841	4950	7967	4990	8095	5030
7719	4911	7844	4951	7970	4991	8099	5031
7722	4912	7847	4952	7973	4992	8102	5032
7725	4913	7850	4953	7977	4993	8105	5033
7728	4914	7853	4954	7980	4994	8108	5034
7731	4915	7856	4955	7983	4995	8112	5035
7735	4916	7859	4956	7986	4996	8115	5036
7738	4917	7863	4957	7989	4997	8118	5037
7741	4918	7866	4958	7993	4998	8121	5038
7744	4919	7869	4959	7996	4999	8125	5039

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
8128	5040	8259	5080	8392	5120	8528	5160
8131	5041	8262	5081	8396	5121	8531	5161
8134	5042	8266	5082	8399	5122	8535	5162
8138	5043	8269	5083	8402	5123	8538	5163
8141	5044	8272	5084	8406	5124	8541	5164
8144	5045	8276	5085	8409	5125	8545	5165
8147	5046	8279	5086	8412	5126	8548	5166
8151	5047	8282	5087	8416	5127	8552	5167
8154	5048	8285	5088	8419	5128	8555	5168
8157	5049	8289	5089	8423	5129	8559	5169
8160	5050	8292	5090	8426	5130	8562	5170
8164	5051	8295	5091	8429	5131	8565	5171
8167	5052	8299	5092	8433	5132	8569	5172
8170	5053	8302	5093	8436	5133	8572	5173
8174	5054	8305	5094	8439	5134	8576	5174
8177	5055	8309	5095	8443	5135	8579	5175
8180	5056	8312	5096	8446	5136	8583	5176
8183	5057	8315	5097	8450	5137	8586	5177
8187	5058	8319	5098	8453	5138	8589	5178
8190	5059	8322	5099	8456	5139	8593	5179
8193	5060	8325	5100	8460	5140	8596	5180
8196	5061	8329	5101	8463	5141	8600	5181
8200	5062	8332	5102	8466	5142	8603	5182
8203	5063	8335	5103	8470	5143	8607	5183
8206	5064	8339	5104	8473	5144	8610	5184
8210	5065	8342	5105	8477	5145	8614	5185
8213	5066	8345	5106	8480	5146	8617	5186
8216	5067	8349	5107	8483	5147	8620	5187
8219	5068	8352	5108	8487	5148	8624	5188
8223	5069	8355	5109	8490	5149	8627	5189
8226	5070	8359	5110	8494	5150	8631	5190
8229	5071	8362	5111	8497	5151	8634	5191
8233	5072	8365	5112	8500	5152	8638	5192
8236	5073	8369	5113	8504	5153	8641	5193
8239	5074	8372	5114	8507	5154	8645	5194
8243	5075	8375	5115	8511	5155	8648	5195
8246	5076	8379	5116	8514	5156	8652	5196
8249	5077	8382	5117	8517	5157	8655	5197
8252	5078	8386	5118	8521	5158	8658	5198
8256	5079	8389	5119	8524	5159	8662	5199

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
8665	5200	8805	5240	8948	5280	9093	5320
8669	5201	8809	5241	8951	5281	9096	5321
8672	5202	8813	5242	8955	5282	9100	5322
8676	5203	8816	5243	8959	5283	9104	5323
8679	5204	8820	5244	8962	5284	9107	5324
8683	5205	8823	5245	8966	5285	9111	5325
8686	5206	8827	5246	8969	5286	9115	5326
8690	5207	8830	5247	8973	5287	9118	5327
8693	5208	8834	5248	8977	5288	9122	5328
8697	5209	8837	5249	8980	5289	9126	5329
8700	5210	8841	5250	8984	5290	9129	5330
8704	5211	8844	5251	8987	5291	9133	5331
8707	5212	8848	5252	8991	5292	9137	5332
8711	5213	8851	5253	8995	5293	9140	5333
8714	5214	8855	5254	8998	5294	9144	5334
8718	5215	8859	5255	9002	5295	9148	5335
8721	5216	8862	5256	9005	5296	9151	5336
8725	5217	8866	5257	9009	5297	9155	5337
8728	5218	8869	5258	9013	5298	9159	5338
8732	5219	8873	5259	9016	5299	9162	5339
8735	5220	8876	5260	9020	5300	9166	5340
8739	5221	8880	5261	9024	5301	9170	5341
8742	5222	8883	5262	9027	5302	9173	5342
8746	5223	8887	5263	9031	5303	9177	5343
8749	5224	8891	5264	9034	5304	9181	5344
8753	5225	8894	5265	9038	5305	9184	5345
8756	5226	8898	5266	9042	5306	9188	5346
8760	5227	8901	5267	9045	5307	9192	5347
8763	5228	8905	5268	9049	5308	9196	5348
8767	5229	8908	5269	9053	5309	9199	5349
8770	5230	8912	5270	9056	5310	9203	5350
8774	5231	8916	5271	9060	5311	9207	5351
8777	5232	8919	5272	9064	5312	9210	5352
8781	5233	8923	5273	9067	5313	9214	5353
8784	5234	8926	5274	9071	5314	9218	5354
8788	5235	8930	5275	9074	5315	9221	5355
8791	5236	8934	5276	9078	5316	9225	5356
8795	5237	8937	5277	9082	5317	9229	5357
8798	5238	8941	5278	9085	5318	9233	5358
8802	5239	8944	5279	9089	5319	9236	5359

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
9240	5360	9390	5400	9542	5440	9698	5480
9244	5361	9394	5401	9546	5441	9702	5481
9247	5362	9397	5402	9550	5442	9705	5482
9251	5363	9401	5403	9554	5443	9709	5483
9255	5364	9405	5404	9558	5444	9713	5484
9259	5365	9409	5405	9562	5445	9717	5485
9262	5366	9413	5406	9566	5446	9721	5486
9266	5367	9416	5407	9569	5447	9725	5487
9270	5368	9420	5408	9573	5448	9729	5488
9274	5369	9424	5409	9577	5449	9733	5489
9277	5370	9428	5410	9581	5450	9737	5490
9281	5371	9432	5411	9585	5451	9741	5491
9285	5372	9435	5412	9589	5452	9745	5492
9288	5373	9439	5413	9593	5453	9749	5493
9292	5374	9443	5414	9596	5454	9753	5494
9296	5375	9447	5415	9600	5455	9757	5495
9300	5376	9451	5416	9604	5456	9761	5496
9303	5377	9454	5417	9608	5457	9764	5497
9307	5378	9458	5418	9612	5458	9768	5498
9311	5379	9462	5419	9616	5459	9772	5499
9315	5380	9466	5420	9620	5460	9776	5500
9318	5381	9470	5421	9624	5461	9780	5501
9322	5382	9473	5422	9627	5462	9784	5502
9326	5383	9477	5423	9631	5463	9788	5503
9330	5384	9481	5424	9635	5464	9792	5504
9333	5385	9485	5425	9639	5465	9796	5505
9337	5386	9489	5426	9643	5466	9800	5506
9341	5387	9493	5427	9647	5467	9804	5507
9345	5388	9496	5428	9651	5468	9808	5508
9348	5389	9500	5429	9655	5469	9812	5509
9352	5390	9504	5430	9659	5470	9816	5510
9356	5391	9508	5431	9662	5471	9820	5511
9360	5392	9512	5432	9666	5472	9824	5512
9363	5393	9516	5433	9670	5473	9828	5513
9367	5394	9519	5434	9674	5474	9832	5514
9371	5395	9523	5435	9678	5475	9836	5515
9375	5396	9527	5436	9682	5476	9840	5516
9379	5397	9531	5437	9686	5477	9844	5517
9382	5398	9535	5438	9690	5478	9848	5518
9386	5399	9539	5439	9694	5479	9852	5519

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
9856	5520	10016	5560	10180	5600	10347	5640
9860	5521	10021	5561	10184	5601	10351	5641
9864	5522	10025	5562	10189	5602	10355	5642
9868	5523	10029	5563	10193	5603	10360	5643
9872	5524	10033	5564	10197	5604	10364	5644
9876	5525	10037	5565	10201	5605	10368	5645
9880	5526	10041	5566	10205	5606	10372	5646
9884	5527	10045	5567	10209	5607	10377	5647
9888	5528	10049	5568	10213	5608	10381	5648
9892	5529	10053	5569	10218	5609	10385	5649
9896	5530	10057	5570	10222	5610	10389	5650
9900	5531	10061	5571	10226	5611	10393	5651
9904	5532	10065	5572	10230	5612	10398	5652
9908	5533	10069	5573	10234	5613	10402	5653
9912	5534	10073	5574	10238	5614	10406	5654
9916	5535	10078	5575	10242	5615	10410	5655
9920	5536	10082	5576	10247	5616	10415	5656
9924	5537	10086	5577	10251	5617	10419	5657
9928	5538	10090	5578	10255	5618	10423	5658
9932	5539	10094	5579	10259	5619	10427	5659
9936	5540	10098	5580	10263	5620	10432	5660
9940	5541	10102	5581	10267	5621	10436	5661
9944	5542	10106	5582	10272	5622	10440	5662
9948	5543	10110	5583	10276	5623	10444	5663
9952	5544	10114	5584	10280	5624	10449	5664
9956	5545	10118	5585	10284	5625	10453	5665
9960	5546	10123	5586	10288	5626	10457	5666
9964	5547	10127	5587	10292	5627	10461	5667
9968	5548	10131	5588	10297	5628	10466	5668
9972	5549	10135	5589	10301	5629	10470	5669
9976	5550	10139	5590	10305	5630	10474	5670
9980	5551	10143	5591	10309	5631	10478	5671
9984	5552	10147	5592	10313	5632	10483	5672
9988	5553	10151	5593	10318	5633	10487	5673
9992	5554	10155	5594	10322	5634	10491	5674
9996	5555	10160	5595	10326	5635	10495	5675
10000	5556	10164	5596	10330	5636	10500	5676
10004	5557	10168	5597	10334	5637	10504	5677
10008	5558	10172	5598	10339	5638	10508	5678
10012	5559	10176	5599	10343	5639	10513	5679

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
10517	5680	10690	5720	10866	5760	11046	5800
10521	5681	10694	5721	10871	5761	11050	5801
10525	5682	10699	5722	10875	5762	11055	5802
10530	5683	10703	5723	10880	5763	11059	5803
10534	5684	10707	5724	10884	5764	11064	5804
10538	5685	10712	5725	10888	5765	11069	5805
10543	5686	10716	5726	10893	5766	11073	5806
10547	5687	10721	5727	10897	5767	11078	5807
10551	5688	10725	5728	10902	5768	11082	5808
10556	5689	10729	5729	10906	5769	11087	5809
10560	5690	10734	5730	10911	5770	11091	5810
10564	5691	10738	5731	10915	5771	11096	5811
10568	5692	10742	5732	10920	5772	11100	5812
10573	5693	10747	5733	10924	5773	11105	5813
10577	5694	10751	5734	10929	5774	11110	5814
10581	5695	10756	5735	10933	5775	11114	5815
10586	5696	10760	5736	10938	5776	11119	5816
10590	5697	10764	5737	10942	5777	11123	5817
10594	5698	10769	5738	10947	5778	11128	5818
10599	5699	10773	5739	10951	5779	11132	5819
10603	5700	10778	5740	10956	5780	11137	5820
10607	5701	10782	5741	10960	5781	11142	5821
10612	5702	10786	5742	10965	5782	11146	5822
10616	5703	10791	5743	10969	5783	11151	5823
10620	5704	10795	5744	10974	5784	11155	5824
10625	5705	10800	5745	10978	5785	11160	5825
10629	5706	10804	5746	10983	5786	11164	5826
10633	5707	10809	5747	10987	5787	11169	5827
10638	5708	10813	5748	10992	5788	11174	5828
10642	5709	10817	5749	10996	5789	11178	5829
10646	5710	10822	5750	11001	5790	11183	5830
10651	5711	10826	5751	11005	5791	11187	5831
10655	5712	10831	5752	11010	5792	11192	5832
10659	5713	10835	5753	11014	5793	11197	5833
10664	5714	10840	5754	11019	5794	11201	5834
10668	5715	10844	5755	11023	5795	11206	5835
10672	5716	10848	5756	11028	5796	11210	5836
10677	5717	10853	5757	11032	5797	11215	5837
10681	5718	10857	5758	11037	5798	11220	5838
10686	5719	10862	5759	11041	5799	11224	5839

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
11229	5840	11416	5880	11606	5920	11800	5960
11234	5841	11420	5881	11611	5921	11805	5961
11238	5842	11425	5882	11616	5922	11810	5962
11243	5843	11430	5883	11620	5923	11815	5963
11247	5844	11434	5884	11625	5924	11820	5964
11252	5845	11439	5885	11630	5925	11825	5965
11257	5846	11444	5886	11635	5926	11829	5966
11261	5847	11449	5887	11640	5927	11834	5967
11266	5848	11453	5888	11644	5928	11839	5968
11271	5849	11458	5889	11649	5929	11844	5969
11275	5850	11463	5890	11654	5930	11849	5970
11280	5851	11468	5891	11659	5931	11854	5971
11285	5852	11472	5892	11664	5932	11859	5972
11289	5853	11477	5893	11669	5933	11864	5973
11294	5854	11482	5894	11673	5934	11869	5974
11299	5855	11487	5895	11678	5935	11874	5975
11303	5856	11491	5896	11683	5936	11879	5976
11308	5857	11496	5897	11688	5937	11884	5977
11313	5858	11501	5898	11693	5938	11889	5978
11317	5859	11506	5899	11698	5939	11894	5979
11322	5860	11510	5900	11703	5940	11899	5980
11327	5861	11515	5901	11707	5941	11903	5981
11331	5862	11520	5902	11712	5942	11908	5982
11336	5863	11525	5903	11717	5943	11913	5983
11341	5864	11529	5904	11722	5944	11918	5984
11345	5865	11534	5905	11727	5945	11923	5985
11350	5866	11539	5906	11732	5946	11928	5986
11355	5867	11544	5907	11737	5947	11933	5987
11359	5868	11548	5908	11741	5948	11938	5988
11364	5869	11553	5909	11746	5949	11943	5989
11369	5870	11558	5910	11751	5950	11948	5990
11373	5871	11563	5911	11756	5951	11953	5991
11378	5872	11568	5912	11761	5952	11958	5992
11383	5873	11572	5913	11766	5953	11963	5993
11387	5874	11577	5914	11771	5954	11968	5994
11392	5875	11582	5915	11776	5955	11973	5995
11397	5876	11587	5916	11780	5956	11978	5996
11401	5877	11592	5917	11785	5957	11983	5997
11406	5878	11596	5918	11790	5958	11988	5998
11411	5879	11601	5919	11795	5959	11993	5999

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
11998	6000	12200	6040	12406	6080	12616	6120
12003	6001	12205	6041	12411	6081	12622	6121
12008	6002	12210	6042	12416	6082	12627	6122
12013	6003	12215	6043	12422	6083	12632	6123
12018	6004	12220	6044	12427	6084	12638	6124
12023	6005	12226	6045	12432	6085	12643	6125
12028	6006	12231	6046	12437	6086	12648	6126
12033	6007	12236	6047	12443	6087	12654	6127
12038	6008	12241	6048	12448	6088	12659	6128
12043	6009	12246	6049	12453	6089	12664	6129
12048	6010	12251	6050	12458	6090	12670	6130
12053	6011	12256	6051	12463	6091	12675	6131
12058	6012	12261	6052	12469	6092	12680	6132
12063	6013	12266	6053	12474	6093	12686	6133
12068	6014	12272	6054	12479	6094	12691	6134
12073	6015	12277	6055	12484	6095	12696	6135
12078	6016	12282	6056	12490	6096	12702	6136
12083	6017	12287	6057	12495	6097	12707	6137
12088	6018	12292	6058	12500	6098	12712	6138
12093	6019	12297	6059	12505	6099	12718	6139
12098	6020	12302	6060	12511	6100	12723	6140
12104	6021	12308	6061	12516	6101	12729	6141
12109	6022	12313	6062	12521	6102	12734	6142
12114	6023	12318	6063	12526	6103	12739	6143
12119	6024	12323	6064	12532	6104	12745	6144
12124	6025	12328	6065	12537	6105	12750	6145
12129	6026	12333	6066	12542	6106	12755	6146
12134	6027	12339	6067	12548	6107	12761	6147
12139	6028	12344	6068	12553	6108	12766	6148
12144	6029	12349	6069	12558	6109	12772	6149
12149	6030	12354	6070	12563	6110	12777	6150
12154	6031	12359	6071	12569	6111	12782	6151
12159	6032	12365	6072	12574	6112	12788	6152
12164	6033	12370	6073	12579	6113	12793	6153
12169	6034	12375	6074	12585	6114	12799	6154
12175	6035	12380	6075	12590	6115	12804	6155
12180	6036	12385	6076	12595	6116	12809	6156
12185	6037	12390	6077	12600	6117	12815	6157
12190	6038	12396	6078	12606	6118	12820	6158
12195	6039	12401	6079	12611	6119	12826	6159

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
12831	6160	13050	6200	13274	6240	13503	6280
12837	6161	13056	6201	13280	6241	13509	6281
12842	6162	13061	6202	13286	6242	13515	6282
12847	6163	13067	6203	13291	6243	13520	6283
12853	6164	13073	6204	13297	6244	13526	6284
12858	6165	13078	6205	13303	6245	13532	6285
12864	6166	13084	6206	13308	6246	13538	6286
12869	6167	13089	6207	13314	6247	13544	6287
12875	6168	13095	6208	13320	6248	13549	6288
12880	6169	13100	6209	13325	6249	13555	6289
12886	6170	13106	6210	13331	6250	13561	6290
12891	6171	13111	6211	13337	6251	13567	6291
12896	6172	13117	6212	13342	6252	13573	6292
12902	6173	13123	6213	13348	6253	13578	6293
12907	6174	13128	6214	13354	6254	13584	6294
12913	6175	13134	6215	13359	6255	13590	6295
12918	6176	13139	6216	13365	6256	13596	6296
12924	6177	13145	6217	13371	6257	13602	6297
12929	6178	13151	6218	13377	6258	13608	6298
12935	6179	13156	6219	13382	6259	13613	6299
12940	6180	13162	6220	13388	6260	13619	6300
12946	6181	13167	6221	13394	6261	13625	6301
12951	6182	13173	6222	13399	6262	13631	6302
12957	6183	13179	6223	13405	6263	13637	6303
12962	6184	13184	6224	13411	6264	13643	6304
12968	6185	13190	6225	13417	6265	13648	6305
12973	6186	13195	6226	13422	6266	13654	6306
12979	6187	13201	6227	13428	6267	13660	6307
12984	6188	13207	6228	13434	6268	13666	6308
12990	6189	13212	6229	13440	6269	13672	6309
12995	6190	13218	6230	13445	6270	13678	6310
13001	6191	13223	6231	13451	6271	13684	6311
13006	6192	13229	6232	13457	6272	13690	6312
13012	6193	13235	6233	13463	6273	13695	6313
13017	6194	13240	6234	13468	6274	13701	6314
13023	6195	13246	6235	13474	6275	13707	6315
13028	6196	13252	6236	13480	6276	13713	6316
13034	6197	13257	6237	13486	6277	13719	6317
13039	6198	13263	6238	13491	6278	13725	6318
13045	6199	13269	6239	13497	6279	13731	6319

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
13737	6320	13976	6360	14220	6400	14469	6440
13743	6321	13982	6361	14226	6401	14476	6441
13748	6322	13988	6362	14232	6402	14482	6442
13754	6323	13994	6363	14238	6403	14488	6443
13760	6324	14000	6364	14244	6404	14495	6444
13766	6325	14006	6365	14251	6405	14501	6445
13772	6326	14012	6366	14257	6406	14507	6446
13778	6327	14018	6367	14263	6407	14514	6447
13784	6328	14024	6368	14269	6408	14520	6448
13790	6329	14030	6369	14275	6409	14526	6449
13796	6330	14036	6370	14282	6410	14533	6450
13802	6331	14042	6371	14288	6411	14539	6451
13808	6332	14048	6372	14294	6412	14545	6452
13814	6333	14054	6373	14300	6413	14552	6453
13820	6334	14060	6374	14306	6414	14558	6454
13826	6335	14066	6375	14313	6415	14564	6455
13832	6336	14073	6376	14319	6416	14571	6456
13838	6337	14079	6377	14325	6417	14577	6457
13844	6338	14085	6378	14331	6418	14583	6458
13849	6339	14091	6379	14338	6419	14590	6459
13855	6340	14097	6380	14344	6420	14596	6460
13861	6341	14103	6381	14350	6421	14603	6461
13867	6342	14109	6382	14356	6422	14609	6462
13873	6343	14115	6383	14362	6423	14615	6463
13879	6344	14121	6384	14369	6424	14622	6464
13885	6345	14127	6385	14375	6425	14628	6465
13891	6346	14134	6386	14381	6426	14635	6466
13897	6347	14140	6387	14388	6427	14641	6467
13903	6348	14146	6388	14394	6428	14647	6468
13909	6349	14152	6389	14400	6429	14654	6469
13915	6350	14158	6390	14406	6430	14660	6470
13921	6351	14164	6391	14413	6431	14667	6471
13927	6352	14170	6392	14419	6432	14673	6472
13933	6353	14177	6393	14425	6433	14679	6473
13939	6354	14183	6394	14431	6434	14686	6474
13945	6355	14189	6395	14436	6435	14692	6475
13951	6356	14195	6396	14444	6436	14699	6476
13957	6357	14201	6397	14450	6437	14705	6477
13963	6358	14207	6398	14457	6438	14712	6478
13969	6359	14213	6399	14463	6439	14718	6479

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
14725	6480	14986	6520	15253	6560	15526	6600
14731	6481	14992	6521	15260	6561	15533	6601
14737	6482	14999	6522	15266	6562	15540	6602
14744	6483	15006	6523	15273	6563	15547	6603
14750	6484	15012	6524	15280	6564	15554	6604
14757	6485	15019	6525	15287	6565	15561	6605
14763	6486	15025	6526	15294	6566	15568	6606
14770	6487	15032	6527	15300	6567	15575	6608
14776	6488	15039	6528	15307	6568	15582	6608
14783	6489	15045	6529	15314	6569	15589	6609
14789	6490	15052	6530	15321	6570	15596	6610
14796	6491	15059	6531	15328	6571	15603	6611
14802	6492	15065	6532	15334	6572	15610	6612
14809	6493	15072	6533	15341	6573	15617	6613
14815	6494	15079	6534	15348	6574	15624	6614
14822	6495	15085	6535	15355	6575	15631	6615
14828	6496	15092	6536	15362	6576	15638	6616
14835	6497	15099	6537	15368	6577	15645	6617
14841	6498	15105	6538	15375	6578	15652	6618
14848	6499	15112	6539	15382	6579	15659	6619
14854	6500	15119	6540	15389	6580	15666	6620
14861	6501	15125	6541	15396	6581	15673	6621
14867	6502	15132	6542	15403	6582	15680	6622
14874	6503	15139	6543	15409	6583	15687	6623
14881	6504	15145	6544	15416	6584	15694	6624
14887	6505	15152	6545	15423	6585	15701	6625
14894	6506	15159	6546	15430	6586	15708	6626
14900	6507	15165	6547	15437	6587	15715	6627
14907	6508	15172	6548	15444	6588	15722	6628
14913	6509	15179	6549	15451	6589	15729	6629
14920	6510	15186	6550	15457	6590	15736	6630
14926	6511	15192	6551	15464	6591	15743	6631
14933	6512	15199	6552	15471	6592	15750	6632
14940	6513	15206	6553	15478	6593	15757	6633
14946	6514	15212	6554	15485	6594	15764	6634
14953	6515	15219	6555	15492	6595	15771	6635
14959	6516	15226	6556	15499	6596	15778	6636
14966	6517	15233	6557	15506	6597	15785	6637
14973	6518	15239	6558	15513	6598	15792	6638
14979	6519	15246	6559	15520	6599	15799	6639

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
15806	6640	16093	6680	16387	6720	16688	6760
15814	6641	16101	6681	16394	6721	16696	6761
15821	6642	16108	6682	16402	6722	16703	6762
15828	6643	16115	6683	16409	6723	16711	6763
15835	6644	16122	6684	16417	6724	16719	6764
15842	6645	16130	6685	16424	6725	16726	6765
15849	6646	16137	6686	16432	6726	16734	6766
15856	6647	16144	6687	16439	6727	16741	6767
15863	6648	16151	6688	16447	6728	16749	6768
15870	6649	16159	6689	16454	6729	16757	6769
15878	6650	16166	6690	16462	6730	16764	6770
15885	6651	16173	6691	16469	6731	16772	6771
15892	6652	16181	6692	16477	6732	16780	6772
15899	6653	16188	6693	16484	6733	16787	6773
15906	6654	16195	6694	16492	6734	16795	6774
15913	6655	16203	6695	16499	6735	16803	6775
15920	6656	16210	6696	16507	6736	16811	6776
15928	6657	16217	6697	16514	6737	16818	6777
15935	6658	16225	6698	16522	6738	16826	6778
15942	6659	16232	6699	16529	6739	16834	6779
15949	6660	16239	6700	16537	6740	16841	6780
15956	6661	16247	6701	16544	6741	16849	6781
15963	6662	16254	6702	16552	6742	16857	6782
15971	6663	16261	6703	16559	6743	16865	6783
15978	6664	16269	6704	16567	6744	16872	6784
15985	6665	16276	6705	16574	6745	16880	6785
15992	6666	16283	6706	16582	6746	16888	6786
15999	6667	16291	6707	16589	6747	16895	6787
16007	6668	16298	6708	16597	6748	16903	6788
16014	6669	16306	6709	16605	6749	16911	6789
16021	6670	16313	6710	16612	6750	16919	6790
16028	6671	16320	6711	16620	6751	16927	6791
16035	6672	16328	6712	16627	6752	16934	6792
16043	6673	16335	6713	16635	6753	16942	6793
16050	6674	16343	6714	16642	6754	16950	6794
16057	6675	16350	6715	16650	6755	16958	6795
16064	6676	16357	6716	16658	6756	16965	6796
16072	6677	16365	6717	16665	6757	16973	6797
16079	6678	16372	6718	16673	6758	16981	6798
16086	6679	16380	6719	16680	6759	16989	6799

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
16997	6800	17313	6840	17637	6880	17970	6920
17004	6801	17321	6841	17646	6881	17979	6921
17012	6802	17329	6842	17654	6882	17987	6922
17020	6803	17337	6843	17662	6883	17996	6923
17028	6804	17345	6844	17670	6884	18004	6924
17036	6805	17353	6845	17679	6885	18013	6925
17044	6806	17361	6846	17687	6886	18021	6926
17051	6807	17369	6847	17695	6887	18029	6927
17059	6808	17377	6848	17703	6888	18038	6928
17067	6809	17385	6849	17712	6889	18046	6929
17075	6810	17393	6850	17720	6890	18055	6930
17083	6811	17401	6851	17728	6891	18063	6931
17091	6812	17409	6852	17736	6892	18072	6932
17099	6813	17417	6853	17745	6893	18080	6933
17106	6814	17426	6854	17753	6894	18089	6934
17114	6815	17434	6855	17761	6895	18097	6935
17122	6816	17442	6856	17770	6896	18106	6936
17130	6817	17450	6857	17778	6897	18114	6937
17138	6818	17458	6858	17786	6898	18123	6938
17146	6819	17466	6859	17794	6899	18131	6939
17154	6820	17474	6860	17803	6900	18140	6940
17162	6821	17482	6861	17811	6901	18149	6941
17170	6822	17490	6862	17819	6902	18157	6942
17178	6823	17499	6863	17828	6903	18166	6943
17185	6824	17507	6864	17836	6904	18174	6944
17193	6825	17515	6865	17844	6905	18183	6945
17201	6826	17523	6866	17853	6906	18191	6946
17209	6827	17531	6867	17861	6907	18200	6947
17217	6828	17539	6868	17870	6908	18209	6948
17225	6829	17547	6869	17878	6909	18217	6949
17233	6830	17556	6870	17886	6910	18226	6950
17241	6831	17564	6871	17895	6911	18234	6951
17249	6832	17572	6872	17903	6912	18243	6952
17257	6833	17580	6873	17911	6913	18252	6953
17265	6834	17588	6874	17920	6914	18260	6954
17273	6835	17596	6875	17928	6915	18269	6955
17281	6836	17605	6876	17937	6916	18277	6956
17289	6837	17613	6877	17945	6917	18286	6957
17297	6838	17621	6878	17953	6918	18295	6958
17305	6839	17629	6879	17962	6919	18303	6959

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
18312	6960	18663	7000	19023	7000	19393	7080
18321	6961	18672	7001	19032	7041	19402	7081
18329	6962	18681	7002	19041	7042	19412	7082
18338	6963	18689	7003	19050	7043	19421	7083
18347	6964	18698	7004	19060	7044	19431	7084
18355	6965	18707	7005	19069	7045	19440	7085
18364	6966	18716	7006	19078	7046	19449	7086
18373	6967	18725	7007	19087	7047	19459	7087
18381	6968	18734	7008	19096	7048	19468	7088
18390	6969	18743	7009	19105	7049	19478	7089
18399	6970	18752	7010	19115	7050	19487	7090
18407	6971	18761	7011	19124	7051	19497	7091
18416	6972	18770	7012	19133	7052	19506	7092
18425	6973	18779	7013	19142	7053	19516	7093
18434	6974	18788	7014	19151	7054	19525	7094
18442	6975	18797	7015	19161	7055	19534	7095
18451	6976	18806	7016	19170	7056	19544	7096
18460	6977	18815	7017	19179	7057	19553	7097
18469	6978	18824	7018	19188	7058	19563	7098
18477	6979	18833	7019	19198	7059	19572	7099
18486	6980	18842	7020	19207	7060	19582	7100
18495	6981	18851	7021	19216	7061	19591	7101
18504	6982	18860	7022	19225	7062	19601	7102
18513	6983	18869	7023	19235	7063	19611	7103
18521	6984	18878	7024	19244	7064	19620	7104
18530	6985	18887	7025	19253	7065	19630	7105
18539	6986	18896	7026	19262	7066	19639	7106
18548	6987	18905	7027	19272	7067	19649	7107
18557	6988	18914	7028	19281	7068	19658	7108
18565	6989	18923	7029	19290	7069	19668	7109
18574	6990	18932	7030	19300	7070	19677	7110
18583	6991	18941	7031	19309	7071	19687	7111
18592	6992	18950	7032	19318	7072	19697	7112
18601	6993	18959	7033	19328	7073	19706	7113
18610	6994	18968	7034	19337	7074	19716	7114
18618	6995	18977	7035	19346	7075	19725	7115
18627	6996	18987	7036	19356	7076	19735	7116
18636	6997	18996	7037	19365	7077	19745	7117
18645	6998	19005	7038	19374	7078	19754	7118
18654	6999	19014	7039	19384	7079	19764	7119

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
19773	7120	20165	7160	20567	7200	20981	7240
19783	7121	20174	7161	20577	7201	20991	7241
19793	7122	20184	7162	20587	7202	21002	7242
19802	7123	20194	7163	20597	7203	21012	7243
19812	7124	20204	7164	20608	7204	21023	7244
19822	7125	20214	7165	20618	7205	21033	7245
19831	7126	20224	7166	20628	7206	21044	7246
19841	7127	20234	7167	20638	7207	21054	7247
19851	7128	20244	7168	20649	7208	21065	7248
19861	7129	20254	7169	20659	7209	21076	7249
19870	7130	20264	7170	20669	7210	21086	7250
19880	7131	20274	7171	20679	7211	21097	7251
19890	7132	20284	7172	20690	7212	21107	7252
19899	7133	20294	7173	20700	7213	21118	7253
19909	7134	20304	7174	20710	7214	21128	7254
19919	7135	20314	7175	20721	7215	21139	7255
19929	7136	20324	7176	20731	7216	21150	7256
19938	7137	20334	7177	20741	7217	21160	7257
19948	7138	20344	7178	20752	7218	21171	7258
19958	7139	20354	7179	20762	7219	21182	7259
19968	7140	20364	7180	20772	7220	21192	7260
19977	7141	20374	7181	20783	7221	21203	7261
19987	7142	20384	7182	20793	7222	21214	7262
19997	7143	20394	7183	20803	7223	21224	7263
20007	7144	20405	7184	20814	7224	21235	7264
20017	7145	20415	7185	20824	7225	21246	7265
20026	7146	20425	7186	20835	7226	21256	7266
20036	7147	20435	7187	20845	7227	21267	7267
20046	7148	20445	7188	20855	7228	21278	7268
20056	7149	20455	7189	20866	7229	21288	7269
20066	7150	20465	7190	20876	7230	21299	7270
20076	7151	20475	7191	20887	7231	21310	7271
20085	7152	20485	7192	20897	7232	21321	7272
20095	7153	20496	7193	20907	7233	21331	7273
20105	7154	20506	7194	20918	7234	21342	7274
20115	7155	20516	7195	20928	7235	21353	7275
20125	7156	20526	7196	20939	7236	21364	7276
20135	7157	20536	7197	20949	7237	21374	7277
20145	7158	20546	7198	20960	7238	21385	7278
20155	7159	20557	7199	20970	7239	21396	7279

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
21407	7280	21846	7320	22298	7360	22764	7400
21418	7281	21857	7321	22309	7361	22776	7401
21428	7282	21868	7322	22321	7362	22787	7402
21439	7283	21879	7323	22332	7363	22799	7403
21450	7284	21890	7324	22344	7364	22811	7404
21461	7285	21901	7325	22355	7365	22823	7405
21472	7286	21913	7326	22367	7366	22835	7406
21483	7287	21924	7327	22378	7367	22847	7407
21494	7288	21935	7328	22390	7368	22859	7408
21504	7289	21946	7329	22401	7369	22871	7409
21515	7290	21957	7330	22413	7370	22883	7410
21526	7291	21969	7331	22425	7371	22894	7411
21537	7292	21980	7332	22436	7372	22906	7412
21548	7293	21991	7333	22448	7373	22918	7413
21559	7294	22002	7334	22459	7374	22930	7414
21570	7295	22014	7335	22471	7375	22942	7415
21581	7296	22025	7336	22482	7376	22954	7416
21592	7297	22036	7337	22494	7377	22966	7417
21603	7298	22047	7338	22506	7378	22978	7418
21614	7299	22059	7339	22517	7379	22990	7419
21625	7300	22070	7340	22529	7380	23002	7420
21636	7301	22081	7341	22541	7381	23014	7421
21647	7302	22093	7342	22552	7382	23026	7422
21658	7303	22104	7343	22564	7383	23038	7423
21669	7304	22115	7344	22576	7384	23050	7424
21680	7305	22127	7345	22587	7385	23062	7425
21691	7306	22138	7346	22599	7386	23074	7426
21702	7307	22149	7347	22611	7387	23087	7427
21713	7308	22161	7348	22623	7388	23099	7428
21724	7309	22172	7349	22634	7389	23111	7429
21735	7310	22183	7350	22646	7390	23123	7430
21746	7311	22195	7351	22658	7391	23135	7431
21757	7312	22206	7352	22669	7392	23147	7432
21768	7313	22218	7353	22681	7393	23159	7433
21779	7314	22229	7354	22693	7394	23171	7434
21790	7315	22241	7355	22705	7395	23184	7435
21801	7316	22252	7356	22717	7396	23196	7436
21812	7317	22263	7357	22728	7397	23208	7437
21823	7318	22275	7358	22740	7398	23220	7438
21835	7319	22286	7359	22752	7399	23232	7439

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
23244	7440	23740	7480	24252	7520	24781	7560
23257	7441	23753	7481	24265	7521	24794	7561
23269	7442	23765	7482	24278	7522	24808	7562
23281	7443	23778	7483	24291	7523	24821	7563
23293	7444	23791	7484	24304	7524	24834	7564
23306	7445	23803	7485	24317	7525	24848	7565
23318	7446	23816	7486	24330	7526	24861	7566
23330	7447	23829	7487	24343	7527	24875	7567
23342	7448	23841	7488	24356	7528	24888	7568
23355	7449	23854	7489	24370	7529	24902	7569
23367	7450	23867	7490	24383	7530	24916	7570
23379	7451	23879	7491	24396	7531	24929	7571
23392	7452	23892	7492	24409	7532	24943	7572
23404	7453	23905	7493	24422	7533	24956	7573
23416	7454	23918	7494	24435	7534	24970	7574
23429	7455	23930	7495	24448	7535	24983	7575
23441	7456	23943	7496	24461	7536	24997	7576
23453	7457	23956	7497	24475	7537	25011	7577
23466	7458	23969	7498	24488	7538	25024	7578
23478	7459	23981	7499	24501	7539	25038	7579
23490	7460	23994	7500	24514	7540	25052	7580
23503	7461	24007	7501	24527	7541	25065	7581
23515	7462	24020	7502	24541	7542	25079	7582
23528	7463	24033	7503	24554	7543	25093	7583
23540	7464	24045	7504	24567	7544	25106	7584
23552	7465	24058	7505	24580	7545	25120	7585
23565	7466	24071	7506	24594	7546	25134	7586
23577	7467	24084	7507	24607	7547	25147	7587
23590	7468	24097	7508	24620	7548	25161	7588
23602	7469	24110	7509	24634	7549	25175	7589
23615	7470	24123	7510	24647	7550	25189	7590
23627	7471	24135	7511	24660	7551	25202	7591
23640	7472	24148	7512	24674	7552	25216	7592
23652	7473	24161	7513	24687	7553	25230	7593
23665	7474	24174	7514	24700	7554	25244	7594
23677	7475	24187	7515	24714	7555	25258	7595
23690	7476	24200	7516	24727	7556	25271	7596
23703	7477	24213	7517	24740	7557	25285	7597
23715	7478	24226	7518	24754	7558	25299	7598
23728	7479	24239	7519	24767	7559	25313	7599

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
25327	7600	25892	7640	26476	7680	27081	7720
25341	7601	25906	7641	26491	7681	27096	7721
25355	7602	25920	7642	26505	7682	27111	7722
25369	7603	25935	7643	26520	7683	27127	7723
25383	7604	25949	7644	26535	7684	27142	7724
25396	7605	25964	7645	26550	7685	27158	7725
25410	7606	25978	7646	26565	7686	27173	7726
25424	7607	25992	7647	26580	7687	27189	7727
25438	7608	26007	7648	26595	7688	27204	7728
25452	7609	26021	7649	26610	7689	27220	7729
25466	7610	26036	7650	26625	7690	27235	7730
25480	7611	26050	7651	26640	7691	27251	7731
25494	7612	26065	7652	26655	7692	27266	7732
25508	7613	26079	7653	26670	7693	27282	7733
25522	7614	26094	7654	26685	7694	27297	7734
25536	7615	26108	7655	26700	7695	27313	7735
25551	7616	26123	7656	26715	7696	27328	7736
25565	7617	26137	7657	26730	7697	27344	7737
25579	7618	26152	7658	26745	7698	27360	7738
25593	7619	26167	7659	26760	7699	27375	7739
25607	7620	26181	7660	26776	7700	27391	7740
25621	7621	26196	7661	26791	7701	27407	7741
25635	7622	26210	7662	26806	7702	27422	7742
25649	7623	26225	7663	26821	7703	27438	7743
25663	7624	26240	7664	26836	7704	27454	7744
25678	7625	26254	7665	26851	7705	27469	7745
25692	7626	26269	7666	26866	7706	27485	7746
25706	7627	26284	7667	26882	7707	27501	7747
25720	7628	26298	7668	26897	7708	27517	7748
25734	7629	26313	7669	26912	7709	27532	7749
25749	7630	26328	7670	26927	7710	27548	7750
25763	7631	26343	7671	26943	7711	27564	7751
25777	7632	26357	7672	26958	7712	27580	7752
25791	7633	26372	7673	26973	7713	27596	7753
25806	7634	26387	7674	26988	7714	27611	7754
25820	7635	26402	7675	27004	7715	27627	7755
25834	7636	26417	7676	27019	7716	27643	7756
25849	7637	26431	7677	27034	7717	27659	7757
25863	7638	26446	7678	27050	7718	27675	7758
25877	7639	26461	7679	27065	7719	27691	7759

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
27707	7760	28356	7800	29029	7840	29727	7880
27723	7761	28372	7801	29046	7841	29745	7881
27739	7762	28389	7802	29063	7842	29763	7882
27755	7763	28406	7803	29080	7843	29781	7883
27771	7764	28422	7804	29098	7844	29799	7884
27787	7765	28439	7805	29115	7845	29817	7885
27803	7766	28455	7806	29132	7846	29835	7886
27819	7767	28472	7807	29149	7847	29852	7887
27835	7768	28489	7808	29167	7848	29870	7888
27851	7769	28505	7809	29184	7849	29888	7889
27867	7770	28522	7810	29201	7850	29906	7890
27883	7771	28539	7811	29218	7851	29924	7891
27899	7772	28555	7812	29236	7852	29942	7892
27915	7773	28572	7813	29253	7853	29960	7893
27931	7774	28589	7814	29270	7854	29978	7894
27947	7775	28605	7815	29288	7855	29996	7895
27964	7776	28622	7816	29305	7856	30014	7896
27980	7777	28639	7817	29323	7857	30032	7897
27996	7778	28656	7818	29340	7858	30050	7898
28012	7779	28673	7819	29357	7859	30069	7899
28028	7780	28689	7820	29375	7860	30087	7900
28045	7781	28706	7821	29392	7861	30105	7901
28061	7782	28723	7822	29410	7862	30123	7902
28077	7783	28740	7823	29427	7863	30141	7903
28093	7784	28757	7824	29445	7864	30159	7904
28110	7785	28774	7825	29462	7865	30178	7905
28126	7786	28791	7826	29480	7866	30196	7906
28142	7787	28807	7827	29498	7867	30214	7907
28159	7788	28824	7828	29515	7868	30232	7908
28175	7789	28841	7829	29533	7869	30251	7909
28191	7790	28858	7830	29550	7870	30269	7910
28208	7791	28875	7831	29568	7871	30287	7911
28224	7792	28892	7832	29586	7872	30306	7912
28241	7793	28909	7833	29603	7873	30324	7913
28257	7794	28926	7834	29621	7874	30342	7914
28273	7795	28943	7835	29639	7875	30361	7915
28290	7796	28961	7836	29656	7876	30379	7916
28306	7797	28978	7837	29674	7877	30397	7917
28323	7798	28995	7838	29692	7878	30416	7918
28339	7799	29012	7839	29710	7879	30434	7919

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
30453	7920	31207	7960	31991	8000	32806	8040
30471	7921	31226	7961	32011	8001	32827	8041
30490	7922	31245	7962	32031	8002	32848	8042
30508	7923	31264	7963	32051	8003	32869	8043
30527	7924	31284	7964	32071	8004	32890	8044
30545	7925	31303	7965	32091	8005	32911	8045
30564	7926	31322	7966	32111	8006	32932	8046
30583	7927	31342	7967	32131	8007	32953	8047
30601	7928	31361	7968	32151	8008	32974	8048
30620	7929	31380	7969	32171	8009	32995	8049
30639	7930	31400	7970	32191	8010	33016	8050
30657	7931	31419	7971	32212	8011	33037	8051
30676	7932	31439	7972	32232	8012	33058	8052
30695	7933	31458	7973	32252	8013	33079	8053
30713	7934	31477	7974	32272	8014	33100	8054
30732	7935	31497	7975	32293	8015	33121	8055
30751	7936	31516	7976	32313	8016	33142	8056
30770	7937	31536	7977	32333	8017	33163	8057
30788	7938	31556	7978	32354	8018	33185	8058
30807	7939	31575	7979	32374	8019	33206	8059
30826	7940	31595	7980	32394	8020	33227	8060
30845	7941	31614	7981	32415	8021	33248	8061
30864	7942	31634	7982	32435	8022	33270	8062
30883	7943	31654	7983	32456	8023	33291	8063
30902	7944	31673	7984	32476	8024	33312	8064
30920	7945	31693	7985	32497	8025	33333	8065
30939	7946	31713	7986	32517	8026	33355	8066
30958	7947	31732	7987	32538	8027	33376	8067
30977	7948	31752	7988	32558	8028	33398	8068
30996	7949	31772	7989	32579	8029	33419	8069
31015	7950	31792	7990	32599	8030	33441	8070
31034	7951	31811	7991	32620	8031	33462	8071
31053	7952	31831	7992	32641	8032	33484	8072
31073	7953	31851	7993	32661	8033	33505	8073
31092	7954	31871	7994	32682	8034	33527	8074
31111	7955	31891	7995	32703	8035	33548	8075
31130	7956	31911	7996	32723	8036	33570	8076
31149	7957	31931	7997	32744	8037	33591	8077
31168	7958	31951	7998	32765	8038	33613	8078
31187	7959	31971	7999	32786	8039	33635	8079

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
33656	8080	34542	8120	35467	8160	36433	8200
33678	8081	34565	8121	35491	8161	36457	8201
33700	8082	34588	8122	35514	8162	36482	8202
33721	8083	34610	8123	35538	8163	36507	8203
33743	8084	34633	8124	35562	8164	36532	8204
33765	8085	34656	8125	35585	8165	36556	8205
33787	8086	34679	8126	35609	8166	36581	8206
33809	8087	34701	8127	35633	8167	36606	8207
33831	8088	34724	8128	35657	8168	36631	8208
33852	8089	34747	8129	35681	8169	36656	8209
33874	8090	34770	8130	35704	8170	36681	8210
33896	8091	34793	8131	35728	8171	36706	8211
33918	8092	34816	8132	35752	8172	36731	8212
33940	8093	34839	8133	35776	8173	36756	8213
33962	8094	34861	8134	35800	8174	36781	8214
33984	8095	34884	8135	35824	8175	36806	8215
34006	8096	34907	8136	35848	8176	36831	8216
34028	8097	34930	8137	35872	8177	36856	8217
34050	8098	34954	8138	35896	8178	36881	8218
34073	8099	34977	8139	35920	8179	36906	8219
34095	8100	35000	8140	35944	8180	36932	8220
34117	8101	35023	8141	35969	8181	36957	8221
34139	8102	35046	8142	35993	8182	36982	8222
34161	8103	35069	8143	36017	8183	37008	8223
34183	8104	35092	8144	36041	8184	37033	8224
34206	8105	35116	8145	36065	8185	37058	8225
34228	8106	35139	8146	36090	8186	37084	8226
34250	8107	35162	8147	36114	8187	37109	8227
34273	8108	35185	8148	36138	8188	37134	8228
34295	8109	35209	8149	36163	8189	37160	8229
34317	8110	35232	8150	36187	8190	37185	8230
34340	8111	35255	8151	36212	8191	37211	8231
34362	8112	35279	8152	36236	8192	37237	8232
34385	8113	35302	8153	36261	8193	37262	8233
34407	8114	35326	8154	36285	8194	37288	8234
34430	8115	35349	8155	36310	8195	37313	8235
34452	8116	35373	8156	36334	8196	37339	8236
34475	8117	35396	8157	36359	8197	37365	8237
34497	8118	35420	8158	36383	8198	37391	8238
34520	8119	35443	8159	36408	8199	37416	8239

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
37442	8240	38499	8280	39605	8320	40766	8360
37468	8241	38526	8281	39634	8321	40796	8361
37494	8242	38553	8282	39662	8322	40826	8362
37520	8243	38580	8283	39691	8323	40855	8363
37546	8244	38607	8284	39719	8324	40885	8364
37572	8245	38634	8285	39747	8325	40915	8365
37598	8246	38661	8286	39776	8326	40945	8366
37624	8247	38689	8287	39805	8327	40975	8367
37650	8248	38716	8288	39833	8328	41005	8368
37676	8249	38743	8289	39862	8329	41035	8369
37702	8250	38770	8290	39890	8330	41065	8370
37728	8251	38798	8291	39919	8331	41095	8371
37754	8252	38825	8292	39948	8332	41125	8372
37780	8253	38853	8293	39977	8333	41156	8373
37806	8254	38880	8294	40005	8334	41186	8374
37833	8255	38908	8295	40034	8335	41216	8375
37859	8256	38935	8296	40063	8336	41246	8376
37885	8257	38963	8297	40092	8337	41277	8377
37912	8258	38990	8298	40121	8338	41307	8378
37938	8259	39018	8299	40150	8339	41338	8379
37964	8260	39045	8300	40179	8340	41368	8380
37991	8261	39073	8301	40208	8341	41398	8381
38017	8262	39101	8302	40237	8342	41429	8382
38044	8263	39129	8303	40266	8343	41460	8383
38070	8264	39156	8304	40295	8344	41490	8384
38097	8265	39184	8305	40324	8345	41521	8385
38123	8266	39212	8306	40353	8346	41551	8386
38150	8267	39240	8307	40383	8347	41582	8387
38177	8268	39268	8308	40412	8348	41613	8388
38203	8269	39296	8309	40441	8349	41644	8389
38230	8270	39324	8310	40471	8350	41675	8390
38257	8271	39352	8311	40500	8351	41705	8391
38283	8272	39380	8312	40529	8352	41736	8392
38310	8273	39408	8313	40559	8353	41767	8393
38337	8274	39436	8314	40588	8354	41798	8394
38364	8275	39464	8315	40618	8355	41829	8395
38391	8276	39492	8316	40648	8356	41860	8396
38418	8277	39521	8317	40677	8357	41891	8397
38445	8278	39549	8318	40707	8358	41922	8398
38472	8279	39577	8319	40736	8359	41954	8399

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
41985	8400	43266	8440	44615	8480	46036	8520
42016	8401	43299	8441	44649	8481	46073	8521
42047	8402	43332	8442	44684	8482	46109	8522
42079	8403	43365	8443	44719	8483	46146	8523
42110	8404	43398	8444	44754	8484	46183	8524
42142	8405	43431	8445	44788	8485	46219	8525
42173	8406	43464	8446	44823	8486	46256	8526
42204	8407	43497	8447	44858	8487	46293	8627
42236	8408	43530	8448	44893	8488	46330	8528
42268	8409	43564	8449	44928	8489	46367	8529
42299	8410	43597	8450	44963	8490	46404	8530
42331	8411	43630	8451	44998	8491	46441	8531
42362	8412	43663	8452	45033	8492	46478	8532
42394	8413	43697	8453	45068	8493	46515	8533
42426	8414	43730	8454	45104	8494	46552	8534
42458	8415	43764	8455	45139	8495	46589	8535
42490	8416	43797	8456	45174	8496	46627	8536
42521	8417	43831	8457	45210	8497	46664	8537
42553	8418	43864	8458	45245	8498	46701	8538
42585	8419	43898	8459	45281	8499	46739	8539
42617	8420	43932	8460	45316	8500	46776	8540
42649	8421	43965	8461	45352	8501	46814	8541
42682	8422	43999	8462	45387	8502	46851	8542
42714	8423	44033	8463	45423	8503	46889	8543
42746	8424	44067	8464	45459	8504	46927	8544
42778	8425	44101	8465	45494	8505	46964	8545
42810	8426	44135	8466	45530	8506	47002	8546
42843	8427	44169	8467	45566	8507	47040	8547
42875	8428	44203	8468	45602	8508	47078	8548
42907	8429	44237	8469	45638	8509	47116	8549
42940	8430	44271	8470	45674	8510	47154	8550
42972	8431	44305	8471	45710	8511	47192	8551
43005	8432	44339	8472	45746	8512	47230	8552
43037	8433	44374	8473	45782	8513	47268	8553
43070	8434	44408	8474	45818	8514	47306	8554
43102	8435	44442	8475	45854	8515	47345	8555
43135	8436	44477	8476	45891	8516	47383	8556
43168	8437	44511	8477	45927	8517	47421	8557
43200	8438	44546	8478	45963	8518	47460	8558
43233	8439	44580	8479	46000	8519	47498	8559

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
47537	8560	49123	8600	50802	8640	52584	8680
47575	8561	49164	8601	50846	8641	52630	8681
47614	8562	49205	8602	50889	8642	52676	8682
47653	8563	49246	8603	50932	8643	52722	8683
47691	8564	49287	8604	50976	8644	52768	8684
47730	8565	49328	8605	51019	8645	52814	8685
47769	8566	49369	8606	51063	8646	52860	8686
47808	8567	49410	8607	51107	8647	52906	8687
47847	8568	49451	8608	51150	8648	52953	8688
47886	8569	49492	8609	51194	8649	52999	8689
47925	8570	49534	8610	51238	8650	53046	8690
47964	8571	49575	8611	51282	8651	53093	8691
48003	8572	49617	8612	51326	8652	53139	8692
48043	8573	49658	8613	51370	8653	53186	8693
48082	8574	49700	8614	51414	8654	53233	8694
48121	8575	49741	8615	51458	8655	53280	8695
48161	8576	49783	8616	51502	8656	53327	8696
48200	8577	49825	8617	51546	8657	53374	8697
48240	8578	49867	8618	51591	8658	53421	8698
48279	8579	49909	8619	51635	8659	53468	8699
48319	8580	49951	8620	51680	8660	53515	8700
48358	8581	49993	8621	51724	8661	53563	8701
48398	8582	50035	8622	51769	8662	53610	8702
48438	8583	50077	8623	51814	8663	53658	8703
48478	8584	50119	8624	51858	8664	53705	8704
48518	8585	50161	8625	51903	8665	53753	8705
48558	8586	50203	8626	51948	8666	53800	8706
48598	8587	50246	8627	51993	8667	53848	8707
48638	8588	50288	8628	52038	8668	53896	8708
48678	8589	50331	8629	52083	8669	53944	8709
48718	8590	50373	8630	52128	8670	53992	8710
48758	8591	50416	8631	52173	8671	54040	8711
48799	8592	50459	8632	52219	8672	54088	8712
48839	8593	50501	8633	52264	8673	54136	8713
48879	8594	50544	8634	52310	8674	54185	8714
48920	8595	50587	8635	52355	8675	54233	8715
48960	8596	50630	8636	52401	8676	54282	8716
49001	8597	50673	8637	52446	8677	54330	8717
49041	8598	50716	8638	52492	8678	54379	8718
49082	8599	50759	8639	52538	8679	54427	8719

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
54476	8720	56491	8760	58639	8800	60936	8840
54525	8721	56543	8761	58695	8801	60996	8841
54574	8722	56595	8762	58751	8802	61055	8842
54623	8723	56647	8763	58806	8803	61115	8843
54672	8724	56699	8764	58862	8804	61175	8844
54721	8725	56752	8765	58918	8805	61235	8845
54770	8726	56804	8766	58974	8806	61295	8846
54820	8727	56857	8767	59030	8807	61355	8847
54869	8728	56909	8768	59086	8808	61415	8848
54918	8729	56962	8769	59143	8809	61475	8849
54968	8730	57015	8770	59199	8810	61535	8850
55017	8731	57068	8771	59256	8811	61596	8851
55067	8732	57121	8772	59312	8812	61657	8852
55117	8733	57174	8773	59369	8813	61717	8853
55167	8734	57227	8774	59426	8814	61778	8854
55217	8735	57280	8775	59483	8815	61839	8855
55267	8736	57333	8776	59540	8816	61900	8856
55317	8737	57387	8777	59597	8817	61961	8857
55367	8738	57440	8778	59654	8818	62022	8858
55417	8739	57494	8779	59711	8819	62084	8859
55467	8740	57547	8780	59768	8820	62145	8860
55518	8741	57601	8781	59826	8821	62207	8861
55568	8742	57655	8782	59883	8822	62268	8862
55619	8743	57709	8783	59941	8823	62330	8863
55669	8744	57763	8784	59999	8824	62392	8864
55720	8745	57817	8785	60057	8825	62454	8865
55771	8746	57871	8786	60115	8826	62516	8866
55822	8747	57926	8787	60173	8827	62578	8867
55873	8748	57980	8788	60231	8828	62641	8868
55924	8749	58034	8789	60289	8829	62703	8869
55975	8750	58089	8790	60347	8830	62766	8870
56026	8751	58144	8791	60406	8831	62828	8871
56077	8752	58198	8792	60464	8832	62891	8872
56129	8753	58253	8793	60523	8833	62954	8873
56180	8754	58308	8794	60582	8834	63017	8874
56232	8755	58363	8795	60641	8835	63080	8875
56283	8756	58418	8796	60700	8836	63143	8876
56335	8757	58473	8797	60759	8837	63207	8877
56387	8758	58529	8798	60818	8838	63270	8878
56439	8759	58584	8799	60877	8839	63334	8879

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
63397	8880	66040	8920	68887	8960	71961	9000
63461	8881	66109	8921	68961	8961	72041	9001
63525	8882	66178	8922	69035	8962	72121	9002
63589	8883	66246	8923	69109	8963	72201	9003
63653	8884	66315	8924	69183	8964	72281	9004
63717	8885	66385	8925	69258	8965	72362	9005
63782	8886	66454	8926	69333	8966	72443	9006
63846	8887	66523	8927	69407	8967	72524	9007
63911	8888	66593	8928	69482	8968	72605	9008
63975	8889	66662	8929	69557	8969	72686	9009
64040	8890	66732	8930	69633	8970	72768	9010
64105	8891	66802	8931	69708	8971	72849	9011
64170	8892	66872	8932	69784	8972	72931	9012
64235	8893	66942	8933	69859	8973	73013	9013
64301	8894	67012	8934	69935	8974	73095	9014
64366	8895	67083	8935	70011	8975	73178	9015
64431	8896	67153	8936	70087	8976	73260	9016
64497	8897	67224	8937	70164	8977	73343	9017
64563	8898	67295	8938	70240	8978	73425	9018
64629	8899	67366	8939	70317	8979	73508	9019
64695	8900	67437	8940	70393	8980	73592	9020
64761	8901	67508	8941	70470	8981	73675	9021
64827	8902	67579	8942	70547	8982	73758	9022
64893	8903	67651	8943	70625	8983	73842	9023
64960	8904	67722	8944	70702	8984	73926	9024
65027	8905	67794	8945	70779	8985	74010	9025
65093	8906	67866	8946	70857	8986	74094	9026
65160	8907	67938	8947	70935	8987	74178	9027
65227	8908	68010	8948	71013	8988	74263	9028
65294	8909	68082	8949	71091	8989	74347	9029
65361	8910	68155	8950	71169	8990	74432	9030
65429	8911	68227	8951	71248	8991	74517	9031
65496	8912	68300	8952	71326	8992	74602	9032
65564	8913	68373	8953	71405	8993	74688	9033
65631	8914	68446	8954	71484	8994	74773	9034
65699	8915	68519	8955	71563	8995	74859	9035
65767	8916	68592	8956	71642	8996	74945	9036
65835	8917	68666	8957	71721	8997	75031	9037
65904	8918	68739	8958	71801	8998	75117	9038
65972	8919	68813	8959	71881	8999	75204	9039

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
75290	9040	78910	9080	82858	9120	87182	9160
75377	9041	79004	9081	82961	9121	87295	9161
75464	9042	79099	9082	83065	9122	87409	9162
75551	9043	79194	9083	83169	9123	87523	9163
75639	9044	79289	9084	83273	9124	87637	9164
75726	9045	79384	9085	83377	9125	87752	9165
75814	9046	79480	9086	83481	9126	87866	9166
75902	9047	79576	9087	83586	9127	87981	9167
75990	9048	79672	9088	83691	9128	88097	9168
76078	9049	79768	9089	83796	9129	88212	9169
76167	9050	79864	9090	83902	9130	88328	9170
76255	9051	79961	9091	84007	9131	88444	9171
76344	9052	80058	9092	84113	9132	88561	9172
76433	9053	80155	9093	84220	9133	88677	9173
76522	9054	80252	9094	84326	9134	88794	9174
76612	9055	80349	9095	84433	9135	88911	9175
76701	9056	80447	9096	84540	9136	89029	9176
76791	9057	80545	9097	84647	9137	89147	9177
76881	9058	80643	9098	84754	9138	89265	9178
76971	9059	80741	9099	84862	9139	89383	9179
77062	9060	80840	9100	84970	9140	89502	9180
77152	9061	80939	9101	85078	9141	89621	9181
77243	9062	81038	9102	85186	9142	89740	9182
77334	9063	81137	9103	85295	9143	89860	9183
77425	9064	81236	9104	85404	9144	89980	9184
77516	9065	81336	9105	85513	9145	90100	9185
77608	9066	81436	9106	85623	9146	90220	9186
77699	9067	81536	9107	85732	9147	90341	9187
77791	9068	81636	9108	85842	9148	90462	9188
77883	9069	81737	9109	85952	9149	90583	9189
77976	9070	81838	9110	86063	9150	90705	9190
78068	9071	81939	9111	86174	9151	90827	9191
78161	9072	82040	9112	86285	9152	90949	9192
78254	9073	82141	9113	86396	9153	91072	9193
78347	9074	82243	9114	86507	9154	91195	9194
78440	9075	82345	9115	86619	9155	91318	9195
78534	9076	82447	9116	86731	9156	91441	9196
78627	9077	82549	9117	86843	9157	91565	9197
78721	9078	82652	9118	86956	9158	91689	9198
78815	9079	82755	9119	87069	9159	91813	9199

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
91938	9200	97194	9240	103035	9280	109561	9320
92063	9201	97333	9241	103189	9281	109734	9321
92188	9202	97472	9242	103344	9282	109908	9322
92314	9203	97611	9243	103499	9283	110082	9323
92440	9204	97751	9244	103654	9284	110256	9324
92566	9205	97891	9245	103810	9285	110431	9325
92693	9206	98031	9246	103967	9286	110607	9326
92820	9207	98172	9247	104124	9287	110783	9327
92947	9208	98313	9248	104281	9288	110960	9328
93074	9209	98454	9249	104439	9289	111137	9329
93202	9210	98596	9250	104597	9290	111314	9330
93330	9211	98738	9251	104756	9291	111493	9331
93459	9212	98881	9252	104915	9292	111671	9332
93588	9213	99024	9253	105075	9293	111851	9333
93717	9214	99167	9254	105235	9294	112031	9334
93846	9215	99311	9255	105395	9295	112211	9335
93976	9216	99455	9256	105556	9296	112392	9336
94106	9217	99600	9257	105718	9297	112573	9337
94237	9218	99745	9258	105880	9298	112755	9338
94368	9219	99890	9259	106042	9299	112938	9339
94499	9220	100036	9260	106205	9300	113121	9340
94630	9221	100182	9261	106368	9301	113305	9341
94762	9222	100328	9262	106532	9302	113489	9342
94894	9223	100475	9263	106696	9303	113674	9343
95027	9224	100622	9264	106861	9304	113859	9344
95160	9225	100770	9265	107026	9305	114045	9345
95293	9226	100918	9266	107191	9306	114231	9346
95426	9227	101067	9267	107357	9307	114418	9347
95560	9228	101216	9268	107524	9308	114606	9348
95695	9229	101365	9269	107691	9309	114794	9349
95829	9230	101515	9270	107859	9310	114983	9350
95964	9231	101665	9271	108027	9311	115172	9351
96099	9232	101815	9272	108195	9312	115362	9352
96235	9233	101966	9273	108364	9313	115553	9353
96371	9234	102117	9274	108534	9314	115744	9354
96507	9235	102269	9275	108704	9315	115935	9355
96644	9236	102421	9276	108874	9316	116128	9356
96781	9237	102574	9277	109045	9317	116321	9357
96919	9238	102727	9278	109217	9318	116514	9358
97056	9239	102881	9279	109389	9319	116708	9359

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
116903	9360	125223	9400	134730	9440	145699	9480
117098	9361	125445	9401	134985	9441	145995	9481
117294	9362	125668	9402	135241	9442	146292	9482
117491	9363	125892	9403	135498	9443	146590	9483
117688	9364	126116	9404	135756	9444	146889	9484
117886	9365	126341	9405	136015	9445	147190	9485
118084	9366	126567	9406	136275	9446	147491	9486
118283	9367	126794	9407	136535	9447	147794	9487
118483	9368	127022	9408	136797	9448	148098	9488
118683	9369	127250	9409	137059	9449	148403	9489
118884	9370	127479	9410	137323	9450	148710	9490
119085	9371	127709	9411	137587	9451	149017	9491
119288	9372	127939	9412	137853	9452	149326	9492
119491	9373	128171	9413	138119	9453	149636	9493
119694	9374	128403	9414	138387	9454	149947	9494
119898	9375	128636	9415	138655	9455	150260	9495
120103	9376	128870	9416	138924	9456	150573	9496
120308	9377	129104	9417	139195	9457	150888	9497
120515	9378	129340	9418	139466	9458	151204	9498
120721	9379	129576	9419	139738	9459	151522	9499
120929	9380	129813	9420	140012	9460	151841	9500
121137	9381	130051	9421	140286	9461	152161	9501
121346	9382	130289	9422	140561	9462	152482	9502
121555	9383	130529	9423	140838	9463	152805	9503
121765	9384	130769	9424	141115	9464	153128	9504
121976	9385	131010	9425	141394	9465	153454	9505
122188	9386	131252	9426	141673	9466	153780	9506
122400	9387	131495	9427	141954	9467	154108	9507
122613	9388	131738	9428	142235	9468	154437	9508
122826	9389	131983	9429	142518	9469	154768	9509
123041	9390	132228	9430	142802	9470	155099	9510
123256	9391	132475	9431	143086	9471	155433	9511
123471	9392	132722	9432	143372	9472	155767	9512
123688	9393	132970	9433	143659	9473	156103	9513
123905	9394	133219	9434	143947	9474	156440	9514
124123	9395	133468	9435	144236	9475	156779	9515
124341	9396	133719	9436	144527	9476	157119	9516
124561	9397	133970	9437	144818	9477	157461	9517
124781	9398	134223	9438	145111	9478	157804	9518
125001	9399	134476	9439	145404	9479	158148	9519

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
158494	9520	173612	9560	191751	9600	213915	9640
158841	9521	174026	9561	192251	9601	214532	9641
159190	9522	174441	9562	192753	9602	215153	9642
159540	9523	174858	9563	193258	9603	215777	9643
159891	9524	175277	9564	193766	9604	216404	9644
160244	9525	175697	9565	194276	9605	217036	9645
160599	9526	176120	9566	194789	9606	217670	9646
160955	9527	176545	9567	195304	9607	218309	9647
161313	9528	176972	9568	195822	9608	218951	9648
161672	9529	177400	9569	196343	9609	219597	9649
162032	9530	177831	9570	196866	9610	220246	9650
162395	9531	178264	9571	197392	9611	220899	9651
162758	9532	178698	9572	197921	9612	221556	9652
163123	9533	179135	9573	198452	9613	222216	9653
163490	9534	179574	9574	198986	9614	222881	9654
163859	9535	180015	9575	199523	9615	223549	9655
164229	9536	180458	9576	200063	9616	224221	9656
164600	9537	180903	9577	200605	9617	224897	9657
164973	9538	181350	9578	201151	9618	225577	9658
165348	9539	181799	9579	201699	9619	226261	9659
165725	9540	182250	9580	202250	9620	226949	9660
166103	9541	182704	9581	202804	9621	227641	9661
166483	9542	183159	9582	203361	9622	228337	9662
166864	9543	183617	9583	203921	9623	229038	9663
167247	9544	184077	9584	204484	9624	229742	9664
167632	9545	184540	9585	205050	9625	230451	9665
168018	9546	185004	9586	205619	9626	231163	9666
168406	9547	185471	9587	206191	9627	231881	9667
168796	9548	185940	9588	206766	9628	232602	9668
169188	9549	186411	9589	207344	9629	233328	9669
169581	9550	186885	9590	207925	9630	234058	9670
169970	9551	187361	9591	208509	9631	234793	9671
170373	9552	187839	9592	209097	9632	235532	9672
170771	9553	188320	9593	209688	9633	236275	9673
171172	9554	188802	9594	210282	9634	237023	9674
171574	9555	189288	9595	210879	9635	237776	9675
171978	9556	189776	9596	211479	9636	238534	9676
172384	9557	190266	9597	212083	9637	239296	9677
172791	9558	190758	9598	212690	9638	240063	9678
173210	9559	191253	9599	213301	9639	240834	9679

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
241610	9680	277205	9720	324641	9760	391003	9800
242392	9681	278226	9721	326030	9761	393003	9801
243178	9682	279254	9722	327430	9762	395023	9802
243969	9683	280289	9723	328843	9763	397064	9803
244765	9684	281331	9724	330267	9764	399125	9804
245566	9685	282382	9725	331703	9765	401268	9805
246373	9686	283439	9726	333152	9766	403312	9806
247184	9687	284505	9727	334613	9767	405437	9807
248000	9688	285578	9728	336087	9768	407585	9808
248822	9689	286660	9729	337573	9769	409755	9809
249649	9690	287749	9730	339072	9770	411948	9810
250482	9691	288847	9731	340584	9771	414164	9811
251320	9692	289952	9732	342110	9772	416404	9812
252163	9693	291066	9733	343649	9773	418667	9813
253012	9694	292188	9734	345201	9774	420955	9814
253866	9695	293319	9735	346768	9775	423267	9815
254726	9696	294458	9736	348348	9776	425605	9816
255592	9697	295606	9737	349942	9777	427968	9817
256463	9698	296762	9738	351551	9778	430357	9818
257340	9699	297928	9739	353174	9779	432772	9819
258223	9700	299102	9740	354812	9780	435214	9820
259112	9701	300286	9741	356465	9781	437683	9821
260007	9702	301478	9742	358133	9782	440180	9822
260908	9703	302680	9743	359817	9783	442705	9823
261815	9704	303891	9744	361516	9784	445258	9824
262728	9705	305112	9745	363230	9785	447841	9825
263647	9706	306342	9746	364961	9786	450453	9826
264573	9707	307582	9747	366708	9787	453096	9827
265505	9708	308832	9748	368471	9788	455769	9828
266443	9709	310092	9749	370251	9789	458473	9829
267388	9710	311362	9750	372048	9790	461209	9830
268339	9711	312642	9751	373862	9791	463977	9831
269297	9712	313932	9752	375694	9792	466778	9832
270261	9713	315233	9753	377543	9793	469612	9833
271233	9714	316544	9754	379410	9794	472481	9834
272211	9715	317866	9755	381295	9795	475384	9835
273196	9716	319199	9756	383199	9796	478323	9836
274187	9717	320543	9757	385121	9797	481297	9837
275186	9718	321897	9758	387062	9798	484308	9838
276192	9719	323263	9759	389023	9799	487357	9839

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE I—PRIMARY RATING VALUES OF ACTUAL LOSSES

Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value	Actual Loss	Primary Value
490443	9840	655901	9880	985789	9920	1967309	9960
493568	9841	661457	9881	998290	9921	2017317	9961
496732	9842	667106	9882	1011109	9922	2069923	9962
499937	9843	672852	9883	1024259	9923	2125334	9963
503183	9844	678696	9884	1037752	9924	2183781	9964
506470	9845	684641	9885	1051603	9925	2245522	9965
509800	9846	690690	9886	1065826	9926	2310841	9966
513173	9847	696846	9887	1080436	9927	2380060	9967
516591	9848	703112	9888	1095449	9928	2453539	9968
520053	9849	709489	9889	1110882	9929	2531683	9969
523562	9850	715982	9890	1126752	9930	2614951	9970
527118	9851	722594	9891	1143080	9931	2703865	9971
530721	9852	729328	9892	1159884	9932	2799018	9972
534373	9853	736187	9893	1177186	9933	2901091	9973
538076	9854	743174	9894	1195008	9934	3010868	9974
541829	9855	750294	9895	1213375	9935	3129255	9975
545634	9856	757551	9896	1232311	9936	3257307	9976
549492	9857	764947	9897	1251843	9937	3396256	9977
553404	9858	772488	9898	1272000	9938	3547556	9978
557372	9859	780178	9899	1292814	9939	3712931	9979
561396	9860	788020	9900	1314315	9940	3894440	9980
565477	9861	796021	9901	1336538	9941	4094565	9981
569618	9862	804183	9902	1359522	9942	4316325	9982
573819	9863	812513	9903	1383305	9943	4563429	9983
578081	9864	921016	9904	1407930	9944	4840485	9984
582406	9865	829697	9905	1433442	9945	5153291	9985
586796	9866	838561	9906	1459890	9946	5509242	9986
591251	9867	847615	9907	1487328	9947	5917926	9987
595774	9868	856865	9908	1515810	9948	6392000	9988
600366	9869	866317	9909	1545399	9949	6948522	9989
605027	9870	875978	9910	1576159	9950	7611048	9990
609761	9871	885855	9911	1608162	9951	8413053	9991
614569	9872	895955	9912	1641485	9952	9403765	9992
619451	9873	906286	9913	1676211	9953	10658677	9993
624412	9874	916856	9914	1712431	9954	12299693	9994
629451	9875	927673	9915	1750242	9955	14537455	9995
634571	9876	938746	9916	1789753	9956	17769778	9996
639774	9877	950084	9917	1831081	9957	22849143	9997
645062	9878	961697	9918	1874353	9958	31992000	9998
650437	9879	973596	9919	1919711	9959	53325334	9999
						159992000	10000

NOTE: If an actual loss lies between any two adjacent figures in the "Actual Loss" column, the primary value shall be the primary value for the lower of the two figures.

TABLE II—VESSEL AND MARITIME CLASSES
MANUAL RATES, EXPECTED LOSS RATES AND D RATIOS

Code No.	Coverage I		Coverage II							D Ratios
	Rate	Exp. Loss Rates†	Code No.	Rate			Expected Loss Rates†			
				Group A	Group B	Group C	Group A	Group B	Group C	
7016	3.27	1.95	7024	3.76	3.92	4.09	2.24	2.34	2.44	.90
7019	1.88	1.12	7027	2.16	2.25	2.35	1.28	1.34	1.40	.89
7020	1.88	1.12	7028	2.16	2.25	2.35	1.28	1.34	1.40	.89
7036	3.55	2.12	7088	4.08	4.26	4.44	2.44	2.54	2.65	.86
7037	1.88	1.12	7089	2.16	2.25	2.35	1.28	1.34	1.40	.89
7038	3.55	2.12	7090	4.08	4.26	4.44	2.44	2.54	2.65	.86
7039	1.88	1.12	7091	2.16	2.25	2.35	1.28	1.34	1.40	.89
7046	5.06	3.02	7098	5.59	5.77	5.95	3.34	3.45	3.55	.68
7075	3.55	2.12	7093	4.08	4.26	4.44	2.44	2.54	2.65	.86
7079	1.88	1.12	7097	2.16	2.25	2.35	1.28	1.34	1.40	.89
7333	7.53	4.51	7335	8.85	8.85	8.85	5.30	5.30	5.30	.80
7334	7.53	4.51	7336	8.85	8.85	8.85	5.30	5.30	5.30	.80
7394	9.68	5.80	7395	10.92	11.21	12.37	6.54	6.71	7.41	.90
FEDERAL EMPLOYERS' LIABILITY ACT CLASSES										
6702	(a)	(a)	6703	(a)	(a)	(a)	(a)	(a)	(a)	(a)
7151	8.26	3.99	7152	9.50	9.91	10.33	4.59	4.79	4.99	.52
8814	.14	.06	8815	.16	.17	.18	.07	.08	.08	.60
8737	.35	.16	8738	.40	.42	.44	.19	.20	.21	.54
0071*	—	.60	—	—	—	—	—	—	—	.00

* Applicable to premiums reported under code 0071 effective October 1, 1967.

† For all ratings effective January 1, 1977 through December 31, 1977 the Expected Loss Rates are to be multiplied by a factor of 1.02, rounded to the nearest cent.

Interstate rating applies in the following states:

<u>State</u>	<u>Effective Date</u>
Alabama	June 30, 1955
Alaska	December 8, 1949
Arizona	January 1, 1969
Arkansas	October 1, 1947
Colorado	August 1, 1951
Connecticut	October 1, 1947
District of Columbia	August 1, 1949
Florida	October 1, 1947
Georgia	October 1, 1947
Hawaii	October 1, 1947
Idaho	July 1, 1951
Illinois	October 1, 1947
Indiana	October 1, 1947
Iowa	October 1, 1947
Kansas	October 1, 1947
Kentucky	October 1, 1947
Louisiana	May 1, 1951
Maine	October 1, 1947
Maryland	October 1, 1947
Massachusetts	December 31, 1951
Michigan	June 30, 1949
Minnesota	April 1, 1950
Mississippi	January 1, 1949
Missouri	October 1, 1948
Montana	October 1, 1947
Nebraska	October 1, 1947
New Hampshire	October 1, 1947
New Mexico	October 1, 1947
New York	December 31, 1949
North Carolina	October 1, 1947
Oklahoma	October 1, 1949
Oregon	November 1, 1970
Rhode Island	October 1, 1947
South Carolina	October 1, 1947
South Dakota	January 1, 1948
Tennessee	October 1, 1947
Texas	October 1, 1953
Utah	January 1, 1959
Vermont	October 1, 1947
Virginia	October 1, 1950
Wisconsin	October 1, 1947

**SUPPLEMENT TO EXPERIENCE RATING PLAN
MANUAL PROCEDURE GOVERNING RISKS
OPERATING IN MORE THAN ONE STATE**

1. The General Rules of the Experience Rating Plan Manual shall apply except as otherwise provided in this Supplement.

2. **Risk.** Risk as used in this Supplement shall mean a risk as defined in Rule 2 of Section II of the Experience Rating Plan Manual with respect to all states in which interstate rating has been approved.

3. **Eligibility.** A risk shall qualify for interstate experience rating if it qualifies for rating on an intrastate basis in any one state in accordance with the provisions of Rule 1 of Section III of the Experience Rating Plan Manual.

4. **Notification of Coverage.** Each carrier shall file with the Interstate Compensation Rating Bureau a complete Notification of Coverage form INT-1-68, or INT-1A-68 if applicable, in order to initiate an interstate rating or when assuming coverage for the first time on a risk previously subject to interstate rating. Such filing should be made prior to the effective date of the rating.

5. **Rating Date.** If all the operations of the risk are not included under a single policy, the Board or Bureaus having jurisdiction shall determine a rating date. Such rating date shall be fixed with due consideration to the effective dates of the several policies involved.

6. **Tabulation of Experience.** The experience data for the risk shall be tabulated separately for each individual state in accordance with the provisions of the Experience Rating Plan as it applies to such state.

7. **Rating Procedure.** The interstate experience modification shall be determined on the basis of the total excess and primary losses of all individual states included in the rating.

For states continuing under the Experience Rating Plan—1940, W and B Values by state shall be determined on the basis of the total expected losses of all states included in the rating, using the appropriate state Tables III.

For states where the Experience Rating Plan—1961 applies, W Values by state shall be determined on the basis of the total expected losses of all states included in the rating, using the appropriate state Tables III. For these states, the corresponding B Values from Table III shall not be used in Form INT-1 & 7 but special B Values shall be calculated by state, equal to the total expected excess losses for all states included in the rating plus \$20,000, all multiplied by each state's (1-W) value.

An average W Value for the risk shall be determined using the total expected losses of each state as weights applied to the W Values of each state determined as above. Likewise an average B Value for the risk shall be determined using the total expected losses of each state as weights applied to the B Values obtained from Table III for states which continue under the 1940 Plan, and to the special B Values for the other states determined as above.

These average rating values shall then be used in the rating procedure. Form INT-1 & 7 Transition—shall be used to calculate the risk modification.

If all states used in a rating are subject to the Experience Rating Plan—1961, data shall be consolidated on Form INT-1 & 7. An average W Value for the risk shall be determined by using the total expected losses of each state as weights applied to W Values for each state determined from the state Table III on the basis of the risk total expected losses. The Average B Value for the risk is equal to the risk total expected excess losses plus \$20,000 (the K Value), all multiplied by one minus the risk average W Value.

An average accident limitation for the risk shall be determined in connection with the tabulation of disease claims as required by Rule 5(b) of Section V of this Plan using the total expected losses of each state as a weight applied to the state accident limitation shown on Table III for each state.

8. The resulting modification shall be applicable in all states in which interstate rating applies, except as provided in Rules 10 and 11 of this Supplement.

9. If revised rates for a particular state involved in an interstate rating are approved after the rating date of the risk, and are made effective on or prior to such rating date, the following procedure shall prevail:

- (a) If operations in such particular state do not qualify on an intrastate basis, the interstate experience modification determined on the basis

of the rates in effect at the time of promulgation shall apply to the premium developed by the revised authorized rates when approved.

- (b) If operations in such particular state do qualify on an intrastate basis, the interstate experience modification shall be recalculated on the basis of the revised rates when approved and such recalculated experience modification shall then apply only in the particular state to the premium developed by the revised authorized rates when approved.

10. The application of a single over-all experience modification shall be mandatory in all states which have approved Interstate Experience Rating except that a separate modification may be promulgated for an individual state upon the request of a carrier that is licensed to write workers' compensation insurance in that state only, subject to the following conditions:

- (a) Prior to the rating date, such carrier shall have requested such separate modification and filed with the Board or Bureau having jurisdiction written intention from the insured stating that coverage is to be placed with two or more carriers, one of which is the requesting carrier, and that the insured, with the concurrence of such carrier is requesting a separate modification.
- (b) Where a separate modification has been promulgated for a single state in accordance with the foregoing paragraph, such separate state modification shall apply for the full rating period for which such state modification was calculated, regardless of whether or not the requesting carrier secured the coverage for that state.

11. The following procedure shall be used to determine the modifications applicable to the risk where separate modifications are to be established in accordance with the foregoing Rule 10:

- (a) Calculate on an interstate basis a modification for the entire risk.
- (b) Calculate on an intrastate basis a modification for the state for which a separate modification has been requested.
- (c) Calculate on an interstate basis a modification for all states other than the state in (b) above.
- (d) Calculate the ratio of the product of the modification from (a) and the risk total expected losses to the sum of the products of the modifications from (b) and (c) and the corresponding expected losses.
- (e) The final modification for the state in (b) above shall be the product of its modification as determined in (b) and the ratio determined in (d).
- (f) The final modification for states other than the state in (b) above shall be the product of the modification determined in (c) and the ratio determined in (d).

**RATING FORMS APPLICABLE FOR USE IN
CONNECTION WITH THE SUPPLEMENT TO
EXPERIENCE RATING PLAN MANUAL**

- ER-1&7—State and Summary Sheet for Interstate Risks
ER-2—Individual State Sheet—Ex-Medical
ER-4—Accidents Involving Two or More Persons
ERM-6—Report of Experience of Self Insurers
INT-1-68—Original Notification of Coverage
INT-1A-68—Amendment of Notification of Coverage

**INTERSTATE RATING DEPARTMENT
ADMINISTRATIVE PROCEDURES FOR INTERSTATE EXPERIENCE RATING**

SECTION	CONTENTS	Page
I	INTRODUCTION	1
	Purpose of Memorandum	1
	Other Publications	1
	Department Functions	1
	Where Approved	1
II	ELIGIBILITY	1
III	THE INTERSTATE RATING SYSTEM	1
	Numerical Index	2
	Risk vs. Insured	2
	Use of Name	2
	Principal Name of Insured Risks	2
	Correspondence and Inquiries	2
	Identification Number	2
IV	UNDERWRITING DEPARTMENT RESPONSIBILITIES	2
V	NOTIFICATION OF COVERAGE FORMS	3
	Obtaining Forms	3
	Use of Forms to Obtain Ratings	3
	Complete an Original Notification of Coverage Form (INT-1-68)	3
	Complete an Amendment of Notification Form (INT-1A-68)	4
	Complete a Confidential Request for Information (ERM-14-75)	5
	Policywriting	5
VI	APPLICATION OF EXPERIENCE RATING MODIFICATION	5
	Newly Qualified Interstate Risk	5
	Reversion of a Risk to Interstate Experience Rating	6
EXHIBIT		
A	INTERSTATE RATING BY STATE	7
B	ORIGINAL NOTIFICATION OF COVERAGE	12
C	AMENDMENT OF NOTIFICATION OF COVERAGE	13
D	CONFIDENTIAL REQUEST FOR INFORMATION	13

**INTERSTATE RATING DEPARTMENT
ADMINISTRATIVE PROCEDURES FOR INTERSTATE EXPERIENCE RATING**

I. INTRODUCTION

Purpose of Memorandum

This Memorandum describes the Interstate Rating Department's procedures for experience rating Workers' Compensation Insurance. This memorandum also outlines what is expected of insurance company personnel involved in "Underwriting" (i.e. classifying, rating or policy writing) Workers' Compensation policies.

Other Publications

(Auditing)—Other publications available include: For AUDITING personnel . . . "Casualty Insurance Audit Reference Book"

(Statistical)—For STATISTICAL personnel . . . "Guidebook to Workmen's Compensation Unit Statistical Plan Supplement—Interstate Rating."

Interstate Rating Department Functions

The Rating Division, Interstate Rating Department, is a division of the National Council on Compensation Insurance. The Interstate Rating Department:

1. Collects and consolidates the **rating data**.
2. Promulgates Interstate Experience Rating Modifications for all states which have approved Interstate rating, including Independent Bureau States.
3. Administers the Interstate Experience Rating Rules.

Where Approved

Interstate Experience Rating has been adopted as a rating plan by 40 states and the District of Columbia.

Exceptions

Four States have intrastate plans only:

CALIFORNIA	NEW JERSEY
DELAWARE	PENNSYLVANIA

Six States are exclusive **State Fund States**:

NEVADA	WASHINGTON
NORTH DAKOTA	WEST VIRGINIA
OHIO	WYOMING

II. ELIGIBILITY

To qualify for Interstate Experience Rating a risk must:

1. Qualify for experience rating on an **intrastate** basis in any State which has adopted Interstate rating (see Exhibit A) and . . .
2. Develop exposure during the experience period in at least one other State where Interstate Rating has also been adopted.

Examples of Eligibility	Exposure Reported In	Is risk subject to interstate rating?
(Risk A)	Conn. N.Y. Mass	Yes (All 3 states have interstate rule)
(Risk B)	N.J. N.Y. Conn.	Yes (N.Y. & Conn. have interstate rule)
(Risk C)	N.J. N.Y. Cal.	No. (Only N.Y. has interstate rule)
(Risk D)	N.J. Penn. Del.	No

Note: AFTER THIS POINT, THIS MEMORANDUM DEALS ONLY WITH "INTERSTATE STATES"; STATES WHERE THE INTERSTATE RULES HAVE BEEN ADOPTED.

III. THE INTERSTATE RATING SYSTEM

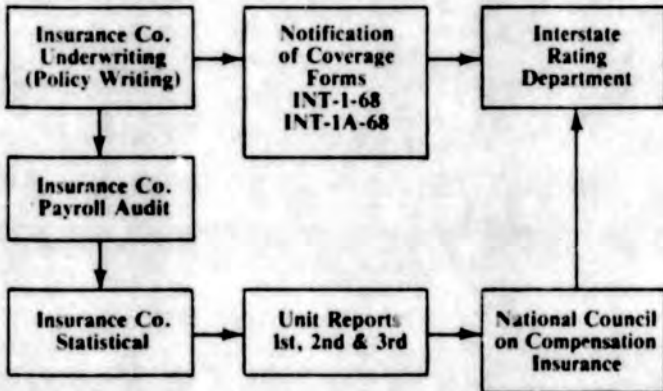
If a risk qualifies for experience rating in any "Interstate" State, **ALL** experience developed in "Interstate" States during the 3 year "experience period" must be included in the Experience Rating. This rule applies to all experience developed during the experience period by all carriers, including competitive State Funds.

For the system to work effectively, all participants must cooperate fully. Participants include Insurance Companies, State Funds, the Independent Bureaus which have adopted interstate rating and the local administrative bureaus of the National Council on Compensation Insurance.

The Company Underwriting Department is the cornerstone position which directs the flow of information through two separate channels, from the company to the Interstate Rating Department.

The following diagram of the flow of information will serve as a basis for the detailed explanations that follow:

STEP 1



STEP 2



Numerical Index

The Interstate Rating Department maintains a numerical index system based on the Interstate Identification Number. An alphabetical directory is maintained as a secondary system.

Risk vs. Insured

Note: A **risk**, for purposes of Interstate Experience Rating, may be different from an **insured**. An Interstate **risk** may include several separate entities, each of which is an **insured**. Each **insured** may have its coverage under a separate policy, perhaps written by a separate Carrier. The Interstate Rating Department must be able to relate each **insured** to the proper **risk**.

Use of Name

NAMES OF INSURED WHICH APPEAR ON UNIT STATISTICAL CARDS MUST BE EXACTLY THE SAME AND TOTALLY CONSISTENT WITH NAMES WHICH APPEAR ON ORIGINAL NOTIFICATION OF COVERAGE (INT 1-68) AND AMENDMENT TO NOTIFICATION OF COVERAGE (INT 1A-68). Therefore, Carriers must be certain that the names of insureds are identical on Notification of Coverage forms, policies, payroll audits and Unit Reports.

Principal Name of Insured Risk

The Interstate Rating Department uses the term "PRINCIPAL NAME OF INSURED RISK" and the Interstate Identification Number for purposes of filing and correspondence. If two or more entities are combined for Interstate Experience Rating, the "PRINCIPAL NAME OF INSURED RISK" and Interstate Identification Number are cross referenced to the names of any such additional entities registered with the Interstate Rating Department by Original Notification of Coverage.

Correspondence and Inquiries

Correspondence and inquiries directed to the Interstate Rating Department which show the Interstate Identification number will immediately be matched with the risk file.

Correspondence and inquiries directed to the Interstate Rating Department which show an insured not previously filed as a principal, subsidiary or affiliate by Original Notification of Coverage (INT-1-68) or by Amendment of Notification of Coverage (INT-1A-68) will not be identified as an interstate rated risk.

Identification Number

The Interstate Rating Department assigns a nine digit identification number to each risk in its files. This identification number must be used in correspondence with the Interstate Rating Department and must also be used on all Interstate unit reports.

IV. UNDERWRITING DEPARTMENT RESPONSIBILITIES

Underwriting responsibilities, (which include classification, rating and policy writing) are as follows:

1. Advise the Interstate Rating Department of New Business to the Carrier when the risk has previously been experience rated on an Interstate basis. (FORM INT-1-68)
2. Advise the Interstate Rating Department of risks which newly qualify for Interstate experience rating. (FORM INT-1-68)
3. Advise the Interstate Rating Department of all changes that in any way may affect the experience rating. (FORM INT-1A-68)

4. Assure that the policies are written and unit reports are prepared totally consistent with the information given to the Interstate Rating Department under (1), (2) and (3) above, especially, as to name of insured and states covered.

For example, the Interstate Rating Department will have a separate risk Identification number and Alphabetical listing for each of 5 separate risks...

1. 910 594 297 Acme Plumbing Company
2. 910 239 874 Acme Plumbing Company, Inc.
3. 910 372 957 Acme Plumbing Corp.
4. 910 874 597 Acme Plumbing Company, A Corp.
5. 910 234 795 R. B. Jones d/b/a
Acme Plumbing Company

Each document submitted by a carrier must clearly identify which of the 5 risks would be involved. All documents dealing with the same insured must contain the identical name. Even a minor omission or error can create problems and delays.

THE PROPER USE OF THE NOTIFICATION OF COVERAGE FORMS IS THE ONLY WAY TO AVOID CONFUSION.

V. NOTIFICATION OF COVERAGE FORMS

Carriers must notify the Interstate Rating Department of all conditions which affect the experience rating of a risk, including the distribution of experience ratings, through the use of one of three forms...

- I. ORIGINAL NOTIFICATION OF COVERAGE (INT-1-68)
(Exhibit B attached)
- II. AMENDMENT OF NOTIFICATION OF COVERAGE (INT-1A-68)
(Exhibit C attached)
- III. CONFIDENTIAL REQUEST FOR INFORMATION (ERM 14-75)
(Exhibit D attached)

Obtaining Forms

Carriers may duplicate their own copies of these forms or may request reasonable quantities from the National Council on Compensation Insurance.

Use of Forms to Obtain Ratings

The Interstate Rating Department automatically sends 2 copies of each Rating to the Home Office of the insuring carrier unless instructed to do otherwise. If the carrier desires other distribution, either in the number of copies to be furnished or the offices to receive the ratings, the Original Notification of Coverage (INT-1-68) or an Amendment to Notification of Coverage (INT-1A-68) should be completed to provide these special mailing instructions.

Note: Each insuring carrier receives 2 copies of each rating at no charge. Additional copies are available as follows:

\$2.00 for summary page and .50 per page for additional pages.

Complete an Original Notification of Coverage Form (INT-1-68)

A completed ORIGINAL NOTIFICATION OF COVERAGE FORM (INT-1-68) must be submitted to:

NCCI—RATING DIVISION,
INTERSTATE RATING DEPARTMENT
ONE PENN PLAZA
NEW YORK, NEW YORK 10119

under these conditions...

- A. The risk is **newly qualified** for interstate experience rating because...
 1. The risk presently is subject to **Intrastate** rating in a state where **Interstate** rating has been adopted and the risk develops premium (estimated or actual in an additional State or States where **Interstate** rating has been adopted)
(See Exhibit A) or...
 2. The risk is newly qualified for **intrastate** rating in a State where **interstate** rating has been adopted and the risk develops premium (estimated or actual) in one or more additional States where interstate rating has been adopted.
(See Exhibit A)
- B. The risk is written as new business by the carrier for the first time and the risk is subject to **interstate** experience rating, regardless of whether...
 1. The carrier is providing coverage in one or in several States or...

2. The carrier is underwriting the entire risk or only a portion of the risk.

The following information is especially important to the Interstate Rating Department and must be entered properly on the Notification of Coverage as well as the annotated comments numbered 1 thru 7 on Exhibit B:

"Principal Name of Insured Risk"

Enter the principal name of the entire risk or the principal name of the portion you insure.

"Name of Parent Entity If Not Insured By Submitting Carrier"

Enter the principal name of the parent entity if not insured by the submitting carrier. If submitting carrier does insure the parent entity, the name of the parent entity would be entered under the item "Principal Name of Insured Risk."

"State Furnishing Intrastate Modification"

If the risk was "Previously Intrastate Rated," identify the state furnishing the intrastate modification. Enter a state only if it is one which has adopted interstate rating. For instance, Delaware, New Jersey and California ratings would not be applicable to an interstate risk.

"Effective Date If Different Than Principal" (column (3))

This enables interstate to pick up non-concurrent policy data for the rating.

IMPORTANT NOTE: The ORIGINAL NOTIFICATION OF COVERAGE FORM (INT-1-68) must be completed as shown in Exhibit B. Once the ORIGINAL NOTIFICATION OF COVERAGE has been filed, amendments or changes in the ORIGINAL NOTIFICATION OF COVERAGE FORM are handled by using the AMENDMENT OF NOTIFICATION OF COVERAGE FORM. (INT-1A-68)

Complete and Amendment of Notification of Coverage Form (INT-1A-68)

A completed AMENDMENT OF NOTIFICATION OF COVERAGE FORM (INT-1A-68) must be submitted to:

NCCI—RATING DIVISION,
INTERSTATE RATING DEPARTMENT
ONE PENN PLAZA
NEW YORK, NEW YORK 10119

under these conditions...

1. **A CHANGE IN THE NAME OF THE RISK** that will appear on policies and unit reports and should therefore be entered into the index system.

If the change in name is due to Change in Ownership, Merger, Consolidation, or Combination of Experience of Separate Entities, file a completed form **ERM-14-75** stapled to Form **INT-1A-68**.

2. **ADDITION OF ENTITIES** to be added to an established Interstate risk. File Form **ERM-14-75** stapled to Form **INT-1A-68**.

Provide under "ENTER SPECIFIC DETAILS" (INT-1A-68) any information that will be pertinent to the rating, such as the name under which the entity will appear on future policies. Include the previous name, if different, the States where operations have been and will be conducted, and the name and policy numbers of the previous carrier if available.

3. **DELETION OF ENTITIES** requires the filing of Form **INT-1A-68** only. Provide under "ENTER SPECIFIC DETAILS" the essential information that will be of help in the future rating of both the separate entity and the original risk, such as policy numbers, effective dates, states covered, new carrier, etc.

4. **ADDITION OF STATES** and...

5. **DELETION OF STATES**

The Interstate Rating Department must be advised whenever a State subject to Interstate Rating is added to or eliminated from a policy. Failure to file Form **INT-1A-68** indicating such a change will preclude the proper rating of the risk. For example:

- a. If a State is added to a policy, the Department will not expect a Unit Report for that State unless the Form **INT-1A-68** has been filed. Once the Unit Reports for all known States are received, the Interstate Rating Department will proceed with the rating. If the Unit Report for the additional State has not been received by this time, a revised rating will be necessary later.

- b. If a State is deleted from a policy, the Interstate Rating Department will expect a Unit Report for that State unless Form INT-1A-68 has been filed. The carrier will be requested by Form Letter (SL 2) to file the assumed to be missing Unit Report, resulting in wasted time and effort.

6. CHANGE OF OWNERSHIP

File Form ERM-14-75 stapled to Form INT-1A-68.

7. CHANGE OF RATING DATE

8. CHANGE OF POLICY DATE(S) NOT AFFECTING THE RATING DATE

9. RISK OUT OF BUSINESS

10. CHANGE IN MAILING INSTRUCTIONS FOR EXPERIENCE RATING DATA

11. OTHER information that will facilitate the rating of a risk should be provided. For example, **cancelation and non-renewal notification is helpful** especially when the name of the new carrier is provided.

Complete a Confidential Request for Information (ERM-14-75)

A complete CONFIDENTIAL REQUEST FOR INFORMATION FORM (ERM-14-75) signed by the Owner, Partner or Executive Officer of the Insured must be submitted to:

NCCI—RATING DIVISION,
INTERSTATE RATING DEPARTMENT
ONE PENN PLAZA
NEW YORK, NEW YORK 10119

whenever there is a Change of Ownership, Merger, Consolidation, Combination of Experience of Separate Entities for experience rating.

Policywriting

Each new and renewal policy should be checked carefully against expiring policies, audits and previously filed Notification of Coverage Forms to assure consistency of information.

VI. APPLICATION OF EXPERIENCE RATING MODIFICATION

The experience rating modification as promulgated by the Interstate Rating Department applies only to the premium developed in those states that have adopted interstate rating.

The experience rating modifications shall not apply to premium produced by: Loss and Expense Constants, policy minimum premium, National Defense Projects Rating Plan, Radiation Exposures; and non-ratable elements included in classification rates. See Section IV of Experience Rating Plan Manual for details.

Newly Qualified Interstate Risk

An intrastate experience modification becomes an interstate experience modification at the time the risk qualifies for interstate rating. For example, when a risk that is operating in the State of New York qualifies for experience rating the New York Compensation Insurance Rating Board will promulgate the intrastate experience rating modification. If that risk commences operations in the State of Connecticut or insures operations in Connecticut which have not previously been insured, the modification as promulgated by the New York Compensation Insurance Rating Board shall also be applied by the carrier to the Connecticut coverage as of the effective date of the Connecticut coverage. A modification promulgated by New York will be applied to both New York and Connecticut premiums. As soon as the Connecticut experience falls within the three year experience period used for experience rating the Interstate Rating Department will promulgate the new experience rating modification provided a Notification of Coverage (INT-1-68) has been properly filed. An important factor in this example is that both New York and Connecticut have adopted interstate experience rating.

The first interstate experience rating for a transition of the type described above will normally include two years of New York experience and the experience for New York and Connecticut in the most recent year included in the experience period.

To accomplish the smoothest transition from intrastate rating to interstate rating:

1. notify the company's statistical department that the risk's unit reports must be identified as interstate experience rated (the symbol "x" must be put into the Code 91 block for Conditions) and...

- whenever available, staple to the Notification of Coverage copies of the unit reports that will be required for the first interstate experience rating. The filing of these unit reports will expedite the promulgation of the initial interstate experience rating.

Reversion of a Risk to Intrastate Experience Rating

A risk is no longer subject to interstate experience rating when only state develops exposure during the "full experience period" used in rating. When a risk ceases to

qualify for interstate rating the risk file is referred to the state which will provide the future intrastate modifications. At this time the carrier or carriers of record are notified as to the source of future intrastate experience ratings. If the bureau or the carrier has information that the risk will be eligible for interstate experience rating on a subsequent anniversary, such information should be immediately forwarded to the Interstate Rating Department.

EXHIBIT A

State	Interstate Rating Applicable	Intrastate Eligibility Requirements	Bureau Having Jurisdiction	Filing of Intrastate Experience Rating Unit Reports	Filing of Interstate Experience Rating Unit Reports
Alabama	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 2 Office Park Circle—C-40 Birmingham, AL 35283	National Council	National Council
Alaska	Yes	\$1500—Average annual premium \$3000—Last year or last 2 years	Northwestern Compensation Rating Bureau 620 S.W. 5th Avenue Suite 1110 Portland, OR 97204	National Council	National Council
Arizona	Yes	\$750—Note (1)	Mountain States Comp. Rating Bureau One Tamarac Square Suite 504 7555 E. Hampden Ave. Denver, CO 80231	National Council	National Council
Arkansas	Yes	\$750—Note (1)	Arkansas Compensation Rating Bureau 307 Donaghey Building 7th & Main Street Little Rock, AR 72201	National Council	National Council
California	No	No less than \$5500 during latest 3 years of rating period. Minimum 1 year required. Note (2)	Workers' Compensation Insurance Rating Bureau of California Spear Street Tower One Market Pl. Suite 500 San Francisco, CA 94105	California Bureau	—
Colorado	Yes	\$750—Note (1)	Mountain States Comp. Rating Bureau One Tamarac Square Suite 504 7555 E. Hampden Ave. Denver, CO 80231	National Council	National Council
Connecticut	Yes	\$750—Note (1)	Northeastern Compensation Rating Bureau 21 Wintonbury Mall Bloomfield, CT 06002	National Council	National Council
Delaware	No	No less than \$3000 during the 3 years of the experience rating period. One year minimum required. Note (2)	Delaware Compensation Rating Bureau 1339 Chestnut Street 5th Floor Philadelphia, PA 19107	Delaware Bureau	—
District of Columbia	Yes	\$750—Note (1)	Mid-Atlantic Compensation Rating Bureau 305 W. Chesapeake Ave. Baltimore, MD 21204	National Council	National Council
Florida	Yes	\$750—Note (1)	Florida Compensation Rating Bureau 433 One Regency Place 9570 Regency Square Blvd. Jacksonville, FL 32211	National Council	National Council
Georgia	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 2 Office Park Circle—C-40 Birmingham, AL 35283	National Council	National Council

EXHIBIT A—Continued

<u>State</u>	<u>Interstate Rating Applicable</u>	<u>Intrastate Eligibility Requirements</u>	<u>Bureau Having Jurisdiction</u>	<u>Filing of Intrastate Experience Rating Unit Reports</u>	<u>Filing of Interstate Experience Rating Unit Reports</u>
Hawaii (3)	Yes	\$750—Note (1)	Hawaii Insurance Rating Bureau P.O. Box 4500 700 Bishop Street, 5th Floor Honolulu, HI 96813	National Council	National Council
Idaho	Yes	\$750—Note (1)	Mountain States Comp. Rating Bureau One Tamarac Square Suite 504 7555 E. Hampden Ave. Denver, CO 80231	National Council	National Council
Illinois	Yes	\$750—Note (1)	Illinois Compensation Rating Bureau P.O. Box 1666 2715 W. Monroe Street Springfield, IL 62705	National Council	National Council
Indiana	Yes	\$750—Note (1)	Indiana Compensation Rating Bureau P.O. Box 50940 5920 Castleway, West Drive Indianapolis, IN 46250	National Council	National Council
Iowa	Yes	\$750—Note (1)	North Central Comp. Rating Bureau 2525 East Euclid Ave. Suite 212 Des Moines, IA 50317	National Council	National Council
Kansas	Yes	\$750—Note (1)	Central States Comp. Rating Bureau— Topeka Office P.O. Box 1577 3601 W. 29th Street Topeka, KS 66601	National Council	National Council
Kentucky	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 2 Office Park Circle—C-40 Birmingham, AL 35283	National Council	National Council
Louisiana	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 3501 North Causeway Blvd. Suite 600 Metairie, LA 70002	National Council	National Council
Maine	Yes	\$750—Note (1)	Northeastern Compensation Rating Bureau 21 Wintonbury Mall Bloomfield, CT 06002	National Council	National Council
Maryland	Yes	\$750—Note (1)	Mid-Atlantic Compensation Rating Bureau 305 W. Chesapeake Ave. Baltimore, MD 21204	National Council	National Council
Massachusetts	Yes	\$750—Note (1)	The Workers' Compensation Rating & Inspection Bureau of Massachusetts 40 Broad Street Boston, MA 02109	Massachusetts Bureau	National Council

EXHIBIT A—Continued

State	Interstate Rating Applicable	Intrastate Eligibility Requirements	Bureau Having Jurisdiction	Filing of Intrastate Experience Rating Unit Reports	Filing of Interstate Experience Rating Unit Reports
Michigan	Yes	\$750—Note (1)	Workers' Comp. Rating & Inspection Association of Michigan P.O. Box P-2055 Birmingham, MI 40812	National Council	National Council
Minnesota	Yes	\$750—Note (1)	Workers Comp. Insurers Association of Minnesota 510 Marquette Ave. Minneapolis, MN 55402	Minnesota Association	National Council
Mississippi	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 2 Office Park Circle—C-40 Birmingham, AL 35283	National Council	National Council
Missouri	Yes	\$750—Note (1)	Central States Comp. Rating Bureau 10825 Watson Road St. Louis, MO 63127	National Council	National Council
Montana	Yes	\$750—Note (1)	Northwestern Compensation Rating Bureau 620 S.W. 5th Avenue Suite 1110 Portland, OR 97204	National Council	National Council
Nebraska	Yes	\$750—Note (1)	North Central Comp. Rating Bureau 2525 East Euclid Ave. Des Moines, IA 50317	National Council	National Council
Nevada	No	MONOPOLISTIC STATE FUND			
New Hampshire	Yes	\$750—Note (1)	Northeastern Compensation Rating Bureau 21 Wintonbury Mall Bloomfield, CT 06002	National Council	National Council
New Jersey	No	\$3000 during experience period. Note (2)	Compensation Rating and Inspection Bureau of New Jersey Room 1203 Military Park Building 60 Park Place Newark, NJ 07102	New Jersey Bureau	—
New Mexico	Yes	\$750—Note (1)	Mountain States Comp. Rating Bureau One Tamarac Square Suite 504 7555 E. Hampden Ave. Denver, CO 80231	National Council	National Council
New York	Yes	\$750—Note (1)	New York Compensation Insurance Rating Board 200 East 42nd Street New York, NY 10017	New York Board	National Council
North Carolina	Yes	\$750—Note (1)	North Carolina Rate Bureau 1700 Hillsborough Street P.O. Box 12227 Raleigh, NC 27605	National Council	National Council

EXHIBIT A—Continued

State	Interstate Rating Applicable	Intrastate Eligibility Requirements	Bureau Having Jurisdiction	Filing of Intrastate Experience Rating Unit Reports	Filing of Interstate Experience Rating Unit Reports
North Dakota	No	_____	MONOPOLISTIC STATE FUND	_____	_____
Ohio	No	_____	MONOPOLISTIC STATE FUND	_____	_____
Oklahoma	Yes	\$750—Note (1)	Oklahoma Compensation Rating Bureau 3555 N.W. 58th Street Suite 730 Oklahoma City, OK 73112	National Council	National Council
Oregon	Yes	\$750—Note (1)	Northwestern Compensation Rating Bureau 620 S.W. 5th Avenue Suite 1110 Portland, OR 97204	National Council	National Council
Pennsylvania	No	\$3000 minimum premium required during 3 year experience rating period. Minimum 1 year is required. Note (2)	Pennsylvania Compensation Rating Bureau 1339 Chestnut Street Philadelphia, PA 19107	Pennsylvania Bureau	—
Rhode Island	Yes	\$750—Note (1)	Northeastern Compensation Rating Bureau 21 Wintonbury Mall Bloomfield, CT 06002	National Council	National Council
South Carolina	Yes	\$750—Note (1)	South Carolina Compensation Rating Bureau Landmark East 3700 Forest Drive Columbia, SC 29204	National Council	National Council
South Dakota	Yes	\$750—Note (1)	North Central Compensation Rating Bureau 2525 East Euclid Ave. Suite 212 Des Moines, IA 50317	National Council	National Council
Tennessee	Yes	\$750—Note (1)	Southeastern Compensation Rating Bureau 2 Office Park Circle—C-40 Birmingham, AL 35283	National Council	National Council
Texas	Yes	Premium at least \$2500 during last year of rating period or average premium of \$1250 during 2 or more years. Note (2)	State Board of Insurance 1110 San Jacinto Austin, TX 78786	Texas Board	National Council
Utah	Yes	\$750—Note (1)	Mountain States Comp. Rating Bureau One Tamarac Square Suite 504 7555 E. Hampden Ave. Denver, CO 80231	National Council	National Council
Vermont	Yes	\$750—Note (1)	Northeastern Compensation Rating Bureau 21 Wintonbury Mall Bloomfield, CT 06002	National Council	National Council

EXHIBIT A—Continued

State	Interstate Rating Applicable	Intrastate Eligibility Requirements	Bureau Having Jurisdiction	Filing of Intrastate Experience Rating Unit Reports	Filing of Interstate Experience Rating Unit Reports
Virginia	Yes	\$750—Note (1)	Virginia Compensation Rating Bureau P.O. Box 27541 W. Broad Office Park 2720 Enterprise Pkwy. Richmond, VA 23261	Virginia Bureau	National Council
Washington	No	_____	MONOPOLISTIC STATE FUND	_____	_____
West Virginia	No	_____	MONOPOLISTIC STATE FUND	_____	_____
Wisconsin	Yes	\$750—Note (1)	Wisconsin Compensation Rating Bureau 732 North Jackson Street Milwaukee, WI 53202	National Council	National Council
Wyoming	No	_____	MONOPOLISTIC STATE FUND	_____	_____

- (1) Premium of at least \$1,500 in the last year, or an average of at least \$750 for the last two or more years of the experience period at the manual rates in effect during the experience period.
- (2) California, Delaware, New Jersey, Pennsylvania, Texas—In determining the eligibility requirements, use the manual rates effective as of the rating anniversary date.
- (3) In the assembling of the statistics, it is recognized in Hawaii there is a bureau for stock carriers only. Nevertheless the Interstate Experience Rating Plan has been approved for use in Hawaii and the statistics for Hawaii should be used in the development of an interstate experience modification.

Issued July 1, 1980

EXHIBIT B

INTERSTATE EXPERIENCE RATING

ORIGINAL NOTIFICATION OF COVERAGE

Interstate Rating Department
One Penn Plaza, New York, N.Y. 10119

Date January 4, 1972

REASON FOR FILING NOTIFICATION: NEW BUSINESS; NEWLY QUALIFIED; INTERSTATE IDENTIFICATION NO. (IF AVAILABLE) _____

PRINCIPAL NAME OF INSURED RISK: XYZ COMPANY; ADDRESS (CITY AND STATE): Hartford, Connecticut ①

NAME OF PARENT ENTITY IF NOT INSURED BY SUBMITTING CARRIER: CONGLOMERATE INCORPORATED; ADDRESS (CITY AND STATE): New York, New York

SUBMITTING CARRIER: Lyndhurst Insurance Company; PRINCIPAL POLICY NO.: WCI 114 0836; POLICY PERIOD: April 1, 1972/1973; EXP. Rtg. DATE (MO. AND DAY): April 1

PREVIOUS CARRIER: Secaucus Insurance Company; PREVIOUSLY INTERSTATE RATED? YES; PREVIOUSLY INTRASTATE RATED? YES; STATE FURNISHING INTRA-STATE MODIF. (IF YES): Connecticut; GRDW: .97

ENTER EACH STATE COVERED AND COMPLETE COLS. (2) AND (3) WHEN APPLICABLE			COMPLETE THESE COLUMNS WHEN RISK IS NEWLY QUALIFIED ⑤			
(1) STATE ③	(2) CURRENT POLICY NO. IF DIFFERENT THAN PRINCIPAL	(3) EFFECTIVE DATE IF DIFFERENT THAN PRINCIPAL	(4) YR. 1970 POLICY NO. OR OTHER CARRIER AND EFF. DATE	(5) YR. 1969 POLICY NO. OR OTHER CARRIER AND EFF. DATE	(6) YR. 1968 POLICY NO. OR OTHER CARRIER AND EFF. DATE	(7) YR. POLICY NO. OR OTHER CARRIER AND EFF. DATE
Conn.			WCI 1140836	Secaucus 5/1/69	Casualty Ins 5/1/68	
Mass.	④		(same)	(none)	(none)	
R. I.	WC 11140837	July 1, 1972	WCI 1140837	(none)	(none)	

- Enter the insured's headquarters address here.
- Identify the risk as to whether or not it was previously rated (it is very important to properly specify interstate rated or intrastate rated).
- Enter a State only if the State has adopted interstate rating. California, Delaware, New Jersey and Pennsylvania must not be listed. Do not include states written on an IF ANY basis unless it is anticipated that exposure will be developed.
- Some States or entities may be covered under different policy numbers. List these numbers so that the experience may be assembled correctly for the entire risk.
- Proper completion of columns 4, 5, 6 and 7 permit the Interstate Compensation Rating Bureau to canvas bureaus and reassemble unit reports. The Interstate Compensation Rating Bureau must know the policy number and State which it covered in order to collect unit reports for the experience period.
- List subsidiaries and affiliates which have been ruled to be combinable for experience rating and identify the bureau that issued the ruling. Attach completed CONFIDENTIAL REQUEST FOR INFORMATION (ERM-14-75) for any entity which has not previously been judged combinable.
- In completing this block first identify the number of copies required by the home office then identify the number of copies required by the branch office. In the example, one copy of data will be furnished to the home office at no cost and one copy of data will be furnished to the branch office at no cost. There will be a charge for the additional copy requested for the branch office. It is not necessary to give the name and address of the home office in this block.

NAME(S) SUBSIDIARIES OR AFFILIATES OF PRINCIPAL AND INDICATE STATE(S) COVERED (INDICATE STATE) WHERE DIFFERENT NAME(S) APPLY:

Smith Sales Corp - Northeast Compensation Rating Bur.

Smith Pumping Corp - ERM-14-75 attached ⑥

FURNISH COPIES OF DATA TO: HOME OFFICE YES NO; NO. COPIES: 1

OTHER (NAME & ADDRESS): Lyndhurst Insurance Company, 1099 Wall Street West, Parkhurst, Connecticut 10000; NO. COPIES: 2 ⑦

IF USING REVERSE OR ADDITIONAL SHEET, PLEASE CHECK HERE: ADDITIONAL SHEET REVERSE

INT 1-68

EXHIBIT C

INTERSTATE EXPERIENCE RATING

AMENDMENT OF NOTIFICATION OF COVERAGE

Interstate Rating Department
One Penn Plaza, New York, N.Y. 10119

Date _____
Interstate Identification No. _____

PRINCIPAL NAME OF RISK (CURRENTLY FILED WITH INTERSTATE) _____ ADDRESS OF PRINCIPAL RISK (CITY & STATE) _____

SUBMITTING CARRIER	PRINCIPAL POLICY NO.	POLICY PERIOD	EXP. RTG. DATE (MO. & DAY)
--------------------	----------------------	---------------	----------------------------

REASON FOR SUBMITTING AMENDMENT OF NOTIFICATION OF COVERAGE
(Enter detail reason in space below)

- 1. Change of Principal Name of Risk (enter new name below) (file completed ERM — 14).
- 2. Additions of entities (file completed ERM — 14).
- 3. Deletions of entities.
- 4. Additions of states (furnish estimated or actual premium — do not file "if any" basis).
- 5. Deletions of states.
- 6. Change of ownership (file completed ERM — 14).
- 7. Change of rating date.
- 8. Change of policy date not affecting rating date.
- 9. Risk out of business.
- 10. Change in mailing instructions.
- 11. Other.

ENTER SPECIFIC DETAILS

INT 1A-88

EXHIBIT D

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: _____

Change of Ownership
Date of Change: _____
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: _____
Col. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity			
Rating Identification Number(s) (For company use only)			
Type of Entity (Corporation, Partnership, etc.)			
Ownership Corporations — List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships — List each general partner and his share in the profits. Other — If no voting stock, list members of board of directors or comparable governing body.			
*T. all shares of voting stock issued.			

This is to certify that the information contained herein is correct.

(DATE)

(NAME OF INSURED)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

(TITLE)

ERM-14-75

Form ERM-14-75—Confidential Request For Information

Examples of Completed Form

Following are seven examples illustrating the completion of Form ERM-14-75 under various conditions of change or continuation in ownership. These are:

- EXAMPLE NO. 1. Merger
- EXAMPLE NO. 2. Consolidation
- EXAMPLE NO. 3. Combination of Separate Entities
- EXAMPLE NO. 4. "Nominal" Change in Ownership
- EXAMPLE NO. 5. "Material" Change in Ownership
- EXAMPLE NO. 6. "Nominal" Change in Ownership
- EXAMPLE NO. 7. One Entity Acquires Controlling Ownership of a Second Entity

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)			
<input type="checkbox"/> Combination of Separate Entities (Enter current ownership information for each entity in separate columns below) Effective Date: _____	<input type="checkbox"/> Change of Ownership Date of Change: _____ Col. I = Ownership before change Col. II = Ownership after change	<input checked="" type="checkbox"/> Merger or Consolidation Date of Change: <u>7-1-74</u> Cols. I & II = Ownership before change Col. III = Ownership after change	
INFORMATION	I	II	III
Name and Location of Entity	Acme Corporation 100 John Street Miami, Florida	Jones Corporation 12 Church Street Orlando, Florida	Jones Corporation 12 Church Street Orlando, Florida
Rating Identification Number(s) (For company use only)	91011222	910700711	910700711
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	Corporation
Ownership Corporations - List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships - List each general partner and his share in the profits. Other - If no voting stock, list members of board of directors or comparable governing body.	Arthur 400 Smith 300 Williams 200	Jones 60 Martin 20 French 5	Jones 60 Arthur 40 Smith 30 Martin 20 Williams 20
* Total shares of voting stock issued.	1000	100	200

This is to certify that the information contained herein is correct.

7-15-74
(DATE)

Jones Corporation
(NAME OF INSURED)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

President
(TITLE)

ERM-14-75

EXPLANATORY COMMENTS—EXAMPLE NO. 1

This is an example of a merger. The ownership interests of all entities, that is, Acme Corporation and Jones Corporation, are combined in the surviving entity, Jones Corporation.

Note that this assumes that Acme Corporation is no longer extant and that Acme shareholders received Jones Corporation stock.

Note also that there are outstanding shares in each column implying that they are widely distributed with no one owner having greater than a 5% interest. In this regard, owner French does not appear in Column III, since he owns less than 5% after the change.

An experience modification based upon the combined past experience of the merged entities would be effective as of the date of the merger.

See Section III, Rule 10 in the Experience Rating Plan Manual.

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: _____

Change of Ownership
Date of Change: _____
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: 7-1-74
Cols. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity	Acme Corporation 100 John Street Miami, Florida	Jones Corporation 12 Church Street Orlando, Florida	Super Corporation 10 Wall Street Orlando, Florida
Rating Identification Number(s) (For company use only)	910111222	910700711	910223445
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	Corporation
Ownership Corporations — List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships — List each general partner and his share in the profits. Other — If no voting stock, list members of board of directors or comparable governing body.	Arthur 400 Smith 300 Williams 200	Jones 60 Martin 20 French 5	Jones 60 Arthur 40 Smith 30 Martin 20 French 20
* Total shares of voting stock issued.	1000	100	200

This is to certify that the information contained herein is correct.

7-15-74
(DATE)

ERM 14-75

Super Corporation
(NAME OF INSURED)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

President
(TITLE)

EXPLANATORY COMMENTS—EXAMPLE NO. 2

This is an example of consolidation. The ownership of the two entities, Acme Corporation and Jones Corporation, are combined or consolidated in a new entity, Super Corporation.

This example is like EXAMPLE NO. 1, in that an experience modification based upon the combined past experience of the consolidated entities would be effective as of the date of the consolidation.

See Section III, Rule 10 in the Experience Rating Plan Manual.

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: 5-1-75

Change of Ownership
Date of Change: _____
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: _____
Cols. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity	Boston Shoe Company 4710 Beacon Street Boston, Massachusetts	Northern Woodworkers, Inc. 10 Elm Street Manchester, New Hampshire	New England Marketing, Inc. 1 Main Street Bangor, Maine
Rating Identification Number(s) (For company use only)	910876249	910297613	910108457
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	Corporation
Ownership Corporations - List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships - List each general partner and his share in the profits. Other - If no voting stock, list members of board of directors or comparable governing body.	Stewart 40 Fitzpatrick 20 Johnson 20	Stewart 100 Kelly 50 Johnson 50 Russo 25	Boston Shoe Co. 50 Northern Woodworkers 50
* Total shares of voting stock issued.	80	250	100

This is to certify that the information contained herein is correct.

7-15-74
(DATE)

Boston Shoe Co., Northern Wood, Inc., N.E. Marketing

(NAME OF INSURED)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

President

(TITLE)

ERM - 14 - 75

EXPLANATORY COMMENTS—EXAMPLE NO. 3

This represents an example of a combination of separate entities.

Boston Shoe Company and Northern Woodworkers, Inc. are combinable, since a group of persons (Stewart and Johnson) has a majority interest in each, that is, they own more than 50%. New England Marketing, Inc. is also combinable, since it is wholly owned by the two entities in which Stewart and Johnson have a majority interest.

Note that if Boston Shoe and Northern Woodworkers were not combinable then New England Marketing would not be combinable with either one of them, since neither of the former owns a majority interest (more than 50%) in the later, since they both own exactly 50%.

A modification based upon the combined past experience of the combined entities would be effective on a date established by the board or bureau having jurisdiction.

See Section III, Rule 9 in the Experience Rating Plan Manual.

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: _____

Change of Ownership
Date of Change: 8-1-74
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: _____
Cols. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity	Reliable Aluminum 2 Oak Street Baltimore, Maryland	Reliable Aluminum 2 Oak Street Baltimore, Maryland	
Rating Identification Number(s) (For company use only)	910246801	Same	
Type of Entity (Corporation, Partnership, etc.)	Partnership	Partnership	
Ownership Corporations - List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships - List each general partner and his share in the profits. Other - If no voting stock, list members of board of directors or comparable governing body.	John Hyde 90% Mary Hyde 10%	John Hyde 25% Mary Hyde 25% John Hyde, Jr. 25% Frank Hyde 25%	
* Total shares of voting stock issued.			

This is to certify that the information contained herein is correct.

8-10-74
(DATE)

Reliable Aluminum
(NAME OF INSURED)

Partner
(TITLE)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

ERM - 14 - 75

EXPLANATORY COMMENTS—EXAMPLE NO. 4

This example represents a change of ownership, specifically, a "nominal" change of ownership wherein incurred experience before the change is used in future ratings after the change. This is because the two partners, John and Mary Hyde, whose share in the profits of the partnership before the change was 100%, is **not less than 50%** after the change.

The insured continues to be rated on its past experience.

See Section III, Rule 11 in the Experience Rating Plan Manual.

Issued July 1, 1980

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: _____

Change of Ownership
Date of Change: 8-15-74
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: _____
Cols. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity	Hartford Markets, Inc. 16 Central Avenue Hartford, Connecticut	Hartford Markets, Inc. 16 Central Avenue Hartford, Connecticut	
Rating Identification Number(s) (For company use only)	910135792	Same	
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	
Ownership Corporations — List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships — List each general partner and his share in the profits. Other — If no voting stock, list members of board of directors or comparable governing body.	William Landers 75 Helen Landers 25	Estate of William Landers, Hartford Bank, Exec. 75 Helen Landers 25	
* Total shares of voting stock issued.	120	120	

This is to certify that the information contained herein is correct.

9-20-74
(DATE)

Hartford Markets, Inc.
(NAME OF INSURED)

Treasurer
(TITLE)

(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

ERM 14-75

EXPLANATORY COMMENTS—EXAMPLE NO. 5

This example represents a "material" change of ownership, wherein incurred experience before the change is not used in future ratings after the change. This is because the collective ownership of all of those having such an interest both before and after the change is less than 33.33% before the change, and, also, in this case, less than 50% after the change.

As of the date of change, a new policy would be written, and the modification would be 1.00 until the new insured develops its own modification.

See Section III, Rule II in the Experience Rating Plan Manual.

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

PURPOSE (Check One)

Combination of Separate Entities
(Enter current ownership information for each entity in separate columns below)
Effective Date: _____

Change of Ownership
Date of Change: 9-12-74
Col. I = Ownership before change
Col. II = Ownership after change

Merger or Consolidation
Date of Change: _____
Cols. I & II = Ownership before change
Col. III = Ownership after change

INFORMATION	I	II	III
Name and Location of Entity	Hudson Company 22 Civic Street Charleston, S. C.	Hudson Company 22 Civic Street Charleston, S. C.	
Rating Identification Number(s) (For company use only)	910811344	Same	
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	
Ownership Corporations - List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships - List each general partner and his share in the profits. Other - If no voting stock, list members of board of directors or comparable governing body.	Nathan 200 Smith 300 Henry 300 King 200 Prince 0	Nathan 0 Smith 300 Henry 300 King 0 Prince 400	
* Total shares of voting stock issued.	1000	1000	

This is to certify that the information contained herein is correct.

11-20-74
(DATE)

ERM 14 75

Hudson Company
(NAME OF INSURED)

President
(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER) (TITLE)

EXPLANATORY COMMENTS—EXAMPLE NO. 6

This example also represents a change of ownership. In effect, Prince owned the shares held by Nathan and King before the change. However, this is a "nominal" change of ownership, since Smith and Henry, the only individuals with ownership interest both before and after the change own more than 33.33% before the change and more than 50% after the change.

This insured continues to be rated on its past experience.

See Section III, Rule 11 in the Experience Rating Plan Manual.

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements will be used only in establishing your premium charge for workers' compensation insurance. It is extremely important that all questions be answered completely and promptly. Use reverse side or additional forms if necessary.

INFORMATION	I	II	III
Name and Location of Entity	Regal Copper Co., Inc. 11 Division Street Denver, Colorado	Regal Copper Co., Inc. 11 Division Street Denver, Colorado	
Rating Identification Number(s) (For company use only)	910012348	910864327	
Type of Entity (Corporation, Partnership, etc.)	Corporation	Corporation	
Ownership Corporations — List owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships — List each general partner and his share in the profits. Other — If no voting stock, list members of board of directors or comparable governing body.	Regis 40 Gallant 40	Acme Metals, Inc. 100	
* Total shares of voting stock issued	100	100	

This is to certify that the information contained herein is correct.

3-22-75
(DATE)

Regal Copper Co., Inc.
(NAME OF INSURED)

President
(TITLE)
(SIGNATURE OF OWNER, PARTNER OR EXECUTIVE OFFICER)

ERM-14-75

EXPLANATORY COMMENTS—EXAMPLE NO. 7

An outright acquisition is illustrated by this example. On March 1, 1975, Acme Metals, Inc. acquired full ownership of Regal Copper Co., Inc. and, as of that date, the outstanding experience modification of Acme Metals, Inc. becomes applicable to Regal Copper Co., Inc.

1 AS 21 IS AMENDED BY ADDING A NEW CHAPTER TO READ:

2 CHAPTER 62. WORKER'S COMPENSATION SELF-INSURANCE

3
4 SEC. 21.62.010. SELF-INSURANCE. AN EMPLOYER, TWO OR
5 MORE EMPLOYERS HAVING COMMON MANAGEMENT OR TWO OR MORE
6 EMPLOYERS HAVING COMMON INTEREST MAY ELECT TO PAY DIRECTLY
7 THE COMPENSATION REQUIRED IN AS 23.30 AFTER PROVIDING
8 SATISFACTORY PROOF OF ITS FINANCIAL ABILITY TO MAKE DIRECT
9 PAYMENTS AND HAS BEEN ISSUED A SELF INSURANCE CERTIFICATE
10 BY THE DIRECTOR

11
12 SEC 21.62.020 SELF-INSURANCE FUND. (a) A WORKER'S
13 COMPENSATION SELF-INSURANCE GROUP FORMED BY TWO OR MORE
14 EMPLOYERS HAVING COMMON INTEREST SHALL ESTABLISH A SELF-
15 INSURANCE FUND WITH AN INITIAL BALANCE TO BE DETERMINED
16 BY THE DIRECTOR, BUT NOT LESS THAN \$250,000.

17 (b) THE SELF-INSURANCE FUND SHALL BE ADMINISTERED
18 BY A BOARD OF TRUSTEES SELECTED BY MEMBERS OF THE
19 SELF-INSURANCE GROUP.

20 (c) THE GROUP SHALL ADOPT BY-LAWS GOVERNING THE
21 OPERATION OF THE FUND

22
23 SEC. 21.62.030. APPLICATION. (a) AN EMPLOYER DESIRING
24 TO BECOME AN INDIVIDUAL SELF-INSURER OR TWO OR MORE
25 EMPLOYERS HAVING COMMON MANAGEMENT DESIRING TO BECOME A
26 GROUP SELF-INSURER SHALL MAKE APPLICATION FOR THE PRIVILEGE

1 ON A FORM PRESCRIBED BY THE DIRECTOR.

2 (b) THE TRUSTEES OF A GROUP OF TWO OR MORE EMPLOYERS
3 HAVING COMMON INTEREST DESIRING TO BECOME A GROUP SELF-INSURER
4 SHALL MAKE APPLICATION FOR THE PRIVILEGE ON A FORM
5 PRESCRIBED BY THE DIRECTOR.

6 (c) AN APPLICANT FOR SELF INSURANCE SHALL ANSWER ALL
7 QUESTIONS ON THE APPLICATION. THE ANSWERS SHALL BE SWORN
8 TO AND NOTARIZED. THE APPLICATION SHALL BE SUBMITTED AT
9 LEAST 90 DAYS BEFORE THE PROPOSED EFFECTIVE DATE OR RENEWAL
10 DATE OF THE SELF-INSURANCE CERTIFICATE.

11
12 **Sec. 21.62.040. DOCUMENTS REQUIRED OF INDIVIDUAL SELF-**
13 **INSURER.** EACH APPLICATION BY AN EMPLOYER FOR INDIVIDUAL
14 SELF INSURANCE SHALL BE ACCOMPANIED BY:

15 (1) A FINANCIAL STATEMENT NOT MORE THAN THREE MONTHS
16 OLD AT THE TIME OF APPLICATION SHOWING A NET WORTH OF NOT
17 LESS THAN \$500,000 WITH ASSETS EXCEEDING LIABILITIES.

18 (2) AN AGREEMENT TO FULLY DISCHARGE BY CASH PAYMENT
19 ALL AMOUNTS REQUIRED TO BE PAID UNDER AS 23.30.

20
21 **Sec. 21.62.050. DOCUMENTS REQUIRED OF GROUP SELF-**
22 **INSURER HAVING COMMON MANAGEMENT.** EACH APPLICATION
23 BY A GROUP OF TWO OR MORE EMPLOYERS HAVING COMMON
24 MANAGEMENT FOR GROUP SELF-INSURANCE SHALL BE ACCOMPANIED
25 BY:

26 (1) A FINANCIAL STATEMENT NOT MORE THAN THREE

1 MONTHS OLD AT THE TIME OF APPLICATION FOR EACH MEMBER OF
2 THE GROUP SHOWING A COMBINED NET WORTH OF ALL MEMBERS OF
3 THE GROUP TO BE NOT LESS THAN \$500,000 WITH CURRENT
4 ASSETS TO EXCEED CURRENT LIABILITIES.

5 (2) AN INDEMNITY AGREEMENT JOINTLY AND SEVERALLY
6 BINDING EACH MEMBER OF THE GROUP TO FULLY DISCHARGE BY
7 CASH PAYMENT ALL AMOUNTS REQUIRED TO BE PAID UNDER AS 23.30.

8
9 SEC. 21.62.060. DOCUMENTS REQUIRED OF GROUP SELF-
10 INSURERS HAVING COMMON INTEREST. EACH APPLICATION BY
11 THE TRUSTEES OF A GROUP OF TWO OR MORE EMPLOYERS HAVING
12 COMMON INTEREST FOR GROUP SELFINSURANCE SHALL BE
13 ACCOMPANIED BY:

14 (1) A FINANCIAL STATEMENT NOT MORE THAN THREE
15 MONTHS OLD AT THE TIME OF THE APPLICATION FOR EACH MEMBER
16 APPLYING FOR COVERAGE ON THE INCEPTION DATE OF THE SELF-
17 INSURANCE FUND SHOWING A COMBINED NET WORTH OF ALL MEMBERS
18 OF THE GROUP TO BE NOT LESS THAN \$1,000,000 WITH CURRENT
19 ASSETS EXCEEDING CURRENT LIABILITIES.

20 (2) AN INDEMNITY AGREEMENT JOINTLY AND SEVERALLY
21 BINDING THE SELF-INSURANCE FUND AND EACH MEMBER OF THE
22 GROUP TO FULLY DISCHARGE BY CASH PAYMENT ALL AMOUNTS
23 REQUIRED TO BE PAID UNDER AS 23.30.

24 (3) AN INDIVIDUAL APPLICATION FOR EACH MEMBER OF THE
25 GROUP APPLYING FOR COVERAGE ON THE INCEPTION DATE OF THE
26 SELF INSURANCE FUND.

1 (4) A SET OF BY-LAWS OR TRUST AGREEMENT WHICH SHALL
2 GOVERN THE OPERATION OF THE SELF-INSURANCE FUND

3 (5) PROOF OF THE EXISTENCE OF AN INITIAL BALANCE IN THE
4 SELF-INSURANCE FUND AS REQUIRED BY SECTION 020(Q) OF
5 THIS CHAPTER.

6 (6) A PROJECTION OF ALL ADMINISTRATIVE EXPENSES OF
7 THE SELF-INSURANCE FUND.

8
9 **SEC. 21.62.070. ADDITIONAL REQUIREMENTS.** IN ADDITION
10 TO THE REQUIREMENTS OF SECTIONS 030-070 OF THIS CHAPTER,
11 AN APPLICANT FOR SELF-INSURANCE SHALL SUBMIT THE FOLLOWING
12 DATA WITH THE APPLICATION FOR SELF-INSURANCE:

13 (1) EVIDENCE OF A WORKING CAPITAL OF AN AMOUNT
14 ESTABLISHING FINANCIAL STRENGTH AND LIQUIDITY TO PAY NORMAL
15 COMPENSATION CLAIMS PROMPTLY.

16 (2) THE PROPOSED AMOUNT OF RETENTION PER LOSS AND
17 RETENTION IN THE AGGREGATE.

18 (3) THE PROPOSED PROGRAM OF EXCESS COVERAGE.

19 (4) PROOF THAT THE APPLICANT HAS AMPLE FACILITIES AND
20 COMPETENT PERSONNEL TO SERVICE THE SELF-INSURANCE PLAN OR A
21 COPY OF A SIGNED SERVICE AGREEMENT WITH AN APPROVED SERVICE
22 COMPANY TO PROVIDE THOSE SERVICES.

23 (5) THE LOCATION WITHIN THIS STATE WHERE ALL RECORDS OF
24 SELF-INSURED LOSS WILL BE MAINTAINED.

25 (6) A DESCRIPTION OF ANY LOSS CONTROL PROGRAMS TO BE UTILIZED
26 BY THE APPLICANT.

1 (7) ANY FURTHER EVIDENCE WHICH THE DIRECTOR MAY REQUIRE
2 TO ESTABLISH THE ABILITY OF THE APPLICANT TO MEET ITS
3 OBLIGATIONS UNDER AS 23.30.

4
5 SEC. 21.62.080 DIRECTORS REVIEW. (a) UPON RECEIPT OF
6 AN APPLICATION AND DOCUMENTS REQUIRED UNDER SECTIONS
7 030-070 OF THIS CHAPTER, THE DIRECTOR SHALL DETERMINE
8 TO HIS SATISFACTION, IF THE APPLICANT HAS THE FINANCIAL
9 ABILITY TO MEET ITS OBLIGATIONS UNDER AS 23.30.

10 (b) THE DIRECTOR MAY DETERMINE THE AMOUNT OF EXCESS
11 INSURANCE COVERAGE NECESSARY FOR THE PROTECTION OF THE
12 APPLICANT.

13 (c) THE DIRECTOR MAY REQUIRE A SURETY BOND AS A
14 CONDITION TO ISSUANCE OF A SELF-INSURANCE CERTIFICATE.

15 (d) THE DIRECTOR MAY WAIVE THE REQUIREMENT THAT ASSETS
16 EXCEED LIABILITIES IN THE CASE OF A PUBLIC UTILITY OR A
17 MUNICIPALITY, IF THE REQUIREMENT IS SHOWN TO BE
18 UNREASONABLE.

19 (e) THE DIRECTOR SHALL INFORM THE APPLICANT IN WRITING
20 NOT LATER THAN 30 DAYS BEFORE THE PROPOSED EFFECTIVE DATE
21 OF HIS DECISION TO APPROVE OR DISAPPROVE AN APPLICATION FOR
22 SELF INSURANCE. HE SHALL, IN THE CASE OF AN APPROVAL, LIST ALL
23 CONDITIONS WHICH MUST BE MET BEFORE THE CERTIFICATE OF
24 SELF-INSURANCE CAN BE ISSUED.

25
26 SEC. 21.62.090. CERTIFICATE OF SELF INSURANCE (a)

1 THE DIRECTOR SHALL, UPON APPROVAL OF AN APPLICATION AND
2 RECEIPT OF PROOF OF ANY CONDITIONS ESTABLISHED UNDER
3 SECTION 080(2) OF THIS CHAPTER, ISSUE A CERTIFICATE OF
4 SELF-INSURANCE.

5 (b) THE CERTIFICATE OF SELF INSURANCE SHALL BE ON A FORM
6 PRESCRIBED BY THE DIRECTOR AND SHALL BE ISSUED FOR A
7 PERIOD OF ONE YEAR.

9 SEC. 21.62.100. BOND. (a) THE DIRECTOR MAY REQUIRE
10 A CORPORATE SURETY BOND TO SECURE THE PAYMENT OF
11 COMPENSATION LIABILITIES UNDER AS 23.30 AS THEY ARE
12 INCURRED.

13 (b) THE BOND SHALL BE ON A FORM PRESCRIBED BY THE
14 DIRECTOR.

15 (c) THE AMOUNT OF THE BOND SHALL BE EQUAL TO OR GREATER
16 THAN THE AGGREGATE RETENTION OF THE SELF-INSURER PLUS
17 OUTSTANDING WORKERS COMPENSATION LIABILITIES LESS RECOVERIES
18 FROM THIRD PARTIES BUT NOT LESS THAN \$25,000.

19 (d) THE DIRECTOR MAY REQUIRE AN INCREASE IN THE BOND AMOUNT
20 IF HE DETERMINES THAT THE SELF-INSURER HAS EXPERIENCED A
21 DETERIORATION IN FINANCIAL CONDITION.

22 (e) THE BOND SHALL BE ISSUED BY A CORPORATE SURETY
23 AUTHORIZED UNDER AS 21.09. TO DO BUSINESS IN THIS STATE.

24 (f) A BOND UNDER THIS SECTION MAY BE CANCELLED,
25 EXCHANGED OR REPLACED PROVIDED NOT LESS THAN 60 DAYS WRITTEN
26 NOTICE IS GIVEN TO THE DIRECTOR AND TO THE SELF-INSURER

1 **Sec. 21.62.110. CONTRACTS FOR EXCESS INSURANCE** (a) THE
2 DIRECTOR MAY DETERMINE THE AMOUNT AND KIND OF EXCESS
3 INSURANCE REQUIRED OF AN APPLICANT FOR SELF INSURANCE BASED
4 ON THE SIZE OF THE APPLICANT, FINANCIAL STRENGTH, PAST HISTORY
5 OF LOSS, DEGREE OF HAZARD IN THE APPLICANTS OPERATIONS AND
6 ANY OTHER FACTORS HE DEEMS APPROPRIATE.

7 (b) EXCESS INSURANCE COVERAGE SHALL BE WRITTEN BY A
8 CASUALTY INSURER AUTHORIZED UNDER AS 21.09. TO DO
9 BUSINESS IN THIS STATE, EXCEPT AS PROVIDED IN (b) OF THIS SECTION.

10 (c) AN EXCESS INSURANCE POLICY ISSUED UNDER THIS CHAPTER
11 MAY NOT BE CANCELLED OR RENEWAL REFUSED EXCEPT UPON
12 60 DAYS WRITTEN NOTICE BY CERTIFIED MAIL TO THE DIRECTOR
13 AND TO THE SELF INSURER.

14 (d) IF AN EXCESS INSURANCE POLICY ISSUED UNDER THIS CHAPTER
15 CONTAINS ANY TYPE OF COMMUTATION CLAUSE IT MUST PROVIDE

16 (1) THAT ANY COMMUTATION EFFECTED UNDER THE POLICY
17 SHALL NOT RELIEVE THE UNDERWRITER OR UNDERWRITERS OF
18 FURTHER LIABILITY WITH RESPECT TO CLAIMS AND EXPENSES
19 UNKNOWN AT THE TIME OF THE COMMUTATION OR IN REGARD TO
20 CLAIMS APPARENTLY CLOSED BUT WHICH MAY BE SUBSEQUENTLY REVIVED
21 BY OR THROUGH A COMPETENT AUTHORITY, AND

22 (2) THAT IF THE UNDERWRITER OR UNDERWRITERS AGREE TO
23 REDEEM ANY FUTURE PAYMENTS PAYABLE AS COMPENSATION FOR
24 LOSSES OCCURRING DURING THE TERM OF THE POLICY BY THE PAYMENT
25 OF A LUMP SUM TO BE FIXED AS PROVIDED IN THE COMMUTATION
26 CLAUSE OF THE POLICY, THE DIRECTOR SHALL BE GIVEN NOT LESS

1 THAN 30 DAYS WRITTEN NOTICE OF THE COMMUTATION.

2 (2) IF A COMMUTATION OF AN EXCESS INSURANCE POLICY UNDER
3 THIS CHAPTER IS EFFECTED, THE DIRECTOR MAY DIRECT THAT THE
4 SUM EITHER

5 (1) BE PLACED IN TRUST FOR THE BENEFIT OF THE INSURED
6 EMPLOYEE OR EMPLOYEES ENTITLED TO FUTURE PAYMENTS OF
7 COMPENSATION COVERED BY THE POLICY, OR,

8 (2) BE INVESTED IN APPROVED SECURITIES AND DEPOSITED
9 WITH THE DIRECTOR TO ASSURE THE FUTURE PAYMENTS OF
10 COMPENSATION TO THE EMPLOYEE OR EMPLOYEES ENTITLED TO
11 BENEFITS COVERED BY THE POLICY.

12 (f) THE EXCESS INSURANCE POLICY SHALL CONTAIN A PROVISION
13 THAT THE DIRECTOR MAY ORDER THE PAYMENT OF OBLIGATIONS DUE
14 UNDER THE TERMS OF THE POLICY TO BE MADE TO A PARTY OTHER
15 THAN THE EMPLOYER, WHERE SUCH ACTION IS NECESSARY TO ASSURE
16 THE PROMPT PAYMENT OF BENEFITS TO INJURED EMPLOYEES.

17 (g) THE NAMED INSURED COVERED BY AN EXCESS INSURANCE
18 POLICY UNDER THIS CHAPTER SHALL COVER ONLY THE ENTITY
19 NAMED IN THE APPLICATION FOR SELF INSURANCE UNDER SECTION
20 030 OF THIS CHAPTER.

21 (SEE NOTE ON PAGE 16)

22 SEC. 21.62.120. SERVICING FOR SELF INSURERS (a) IT

23 SHALL BE THE SOLE RESPONSIBILITY OF EACH SELF-INSURER TO

24 PROVIDE FOR COMPETENT PERSONS TO SERVICE ITS PROGRAMS IN THE AREAS
25 OF CLAIMS ADJUSTING, ^{UNDERWRITING} AND LOSS CONTROL. IF THE SELF INSURER IS UNABLE

26 OR UNWILLING TO PROVIDE ANY OR ALL OF THESE SERVICES THROUGH THE USE

1 OF ITS OWN EMPLOYEES, THEN IT SHALL CONTRACT WITH ONE OR MORE
2 OUTSIDE AGENCIES WITH ESTABLISHED COMPETENCIES TO PROVIDE THESE
3 SERVICES ON A FULL-TIME BASIS.

4 (b) IF A SELF-INSURER ELECTS TO CONTRACT WITH ONE OR
5 MORE APPROVED SERVICE COMPANIES, THE DIRECTOR MAY CHOOSE TO
6 USE ANY OR ALL OF THE SERVICE COMPANIES AS AN INTERMEDIARY
7 IN ITS DEALINGS WITH THE SELF-INSURER. THIS COURSE OF ACTION
8 IS AVAILABLE TO THE DIRECTOR UPON HIS DETERMINATION THAT
9 IT WILL RESULT IN A MORE RAPID AND MORE ACCURATE FLOW OF
10 INFORMATION FROM THE SELF-INSURER AND IF IT WILL ASSIST THE
11 SELF-INSURERS COMPLIANCE WITH THIS SECTION.

12
13 SEC. 21-62. 130. QUALIFICATIONS FOR SERVICING
14 COMPANIES (a) A BUSINESS DESIRING TO BECOME
15 QUALIFIED AS A SERVICE COMPANY FOR SELF-INSURERS IN THIS
16 STATE FOR ANY OR ALL OF THE SERVICE CATEGORIES NOTED IN
17 SECTION 120(a) OF THIS CHAPTER SHALL MAKE APPLICATION TO
18 THE DIRECTOR ON FORMS PRESCRIBED BY HIM. THE APPLICATION
19 MUST BE APPROVED BY THE DIRECTOR BEFORE ANY CONTRACT FOR
20 SERVICE UNDER SECTION 120 OF THIS CHAPTER CAN BE
21 RECOGNIZED.

22 (b) A BUSINESS MAKING APPLICATION AS A SERVICE COMPANY IN
23 ANY OR ALL OF THE SERVICE CATEGORIES NOTED IN 120(a) OF THIS
24 CHAPTER, SHALL FURNISH PROOF THAT IT HAS A SUFFICIENT NUMBER
25 OF EXPERIENCED AND QUALIFIED PERSONS EMPLOYED ON A FULL-
26 TIME BASIS FOR EACH SERVICE CATEGORY TO MEET THE NEEDS OF ALL

1 SELF-INSURERS WITH WHICH IT INTENDS TO CONTACT. THE LOSS
2 CONTROL SERVICE CATEGORY SHALL INCLUDE EXPERTISE IN SAFETY
3 ENGINEERING. THE CLAIMS SERVICE CATEGORY SHALL INCLUDE
4 EXPERTISE IN WORKER'S COMPENSATION CLAIMS. THE UNDERWRITING
5 SERVICE CATEGORY INCLUDES EXPERTISE IN THE OVERALL PLANNING
6 AND COORDINATING OF A SELF-INSURANCE PROGRAM, THE ABILITY
7 TO PROCURE BONDS AND EXCESS INSURANCE, THE ABILITY TO PROVIDE
8 SUMMARY DATA REGARDING THE SELF-INSURER'S COST OF ACCIDENTS
9 INCLUDING THE FREQUENCY AND DISTRIBUTION BY TYPE AND CAUSE,
10 AND THE SKILL TO MAKE RECOMMENDATIONS TO THE SELF-INSURER
11 REGARDING THE CORRECTION OF ANY DEFICIENCIES THAT ARISE IN
12 THE SELF INSURANCE PROGRAM.

13 (c) A BUSINESS MAKING APPLICATION TO QUALIFY AS A SERVICE
14 COMPANY SHALL FURNISH PROOF THAT IT MEETS THE FOLLOWING
15 CONDITIONS BEFORE APPROVAL CAN BE GRANTED:

16 (1) THAT ALL RECORDS CONCERNING SELF-INSURERS IN THIS
17 STATE BE MAINTAINED AT A LOCATION WITHIN THIS STATE.

18 (2) THAT AN OFFICE BE MAINTAINED AT ONE OR MORE
19 LOCATIONS IN THIS STATE WITH A RESIDENT ADMINISTRATOR
20 AUTHORIZED TO ACT IN ALL MATTERS CONCERNING THE SERVICE
21 COMPANY.

22 (d) UPON COMPLIANCE TO THE SATISFACTION OF THE DIRECTOR
23 WITH (b) - (c) OF THIS SECTION, HE SHALL ISSUE A CERTIFICATE
24 OF APPROVAL AS A RECOGNIZED AND AUTHORIZED SERVICE
25 ORGANIZATION. FAILURE TO COMPLY WITH THE QUALIFICATION
26 CONDITIONS OR ANY RULES THE DIRECTOR MAY ADOPT SHALL BE

1 CONSIDERED GOOD CAUSE FOR WITHDRAWAL OF THE CERTIFICATE OF
2 APPROVAL.

3 4 SEC 21.62.140. REQUIREMENTS FOR SERVICING

5 COMPANIES. (A) EACH SERVICE COMPANY SHALL FILE WITH THE
6 DIRECTOR, WITHIN 30 DAYS OF ENTERING INTO A CONTRACT FOR
7 SERVICING, A COPY OF ITS SERVICING CONTRACT AND A CERTIFICATION
8 THAT IT HAS PROVIDED SUFFICIENT PERSONNEL TO FULFILL THE TERMS
9 OF ITS CONTRACT.

10 (B) EACH CLAIMS SERVICE CATEGORY CONTRACT ENTERED INTO
11 BY A SERVICE COMPANY SHALL PROVIDE THAT ALL CLAIMS INCURRED
12 DURING THE CONTRACT PERIOD SHALL BE HANDLED UNTIL THEIR
13 CONCLUSION.

14 (C) EACH SERVICE COMPANY SHALL FILE A CURRENT ANNUAL
15 FINANCIAL STATEMENT AND A FORM PRESCRIBED BY THE DIRECTOR
16 CERTIFYING THAT THE SERVICE COMPANY IS COMPLYING WITH THE
17 CONDITIONS OF SEC. 130 OF THIS CHAPTER ON A CONTINUING BASIS.
18 THE FINANCIAL STATEMENT AND CERTIFICATION SHALL BE FILED
19 ANNUALLY NO LATER THAN JUNE 30 EACH YEAR. AFTER AN
20 ANNUAL REVIEW FOR COMPLIANCE WITH THIS RULE, THE DIRECTOR
21 SHALL ISSUE A RENEWAL CERTIFICATION TO EACH SERVICE
22 COMPANY FOUND TO BE IN COMPLIANCE. A SERVICE COMPANY WHICH
23 FAILS TO DEMONSTRATE ANNUALLY THAT IT IS IN COMPLIANCE WITH
24 THIS SUBSECTION SHALL HAVE ITS AUTHORIZATION WITHDRAWN.

25 (D) FINDINGS BY THE DIRECTOR THAT A SERVICE COMPANY IS
26 ENGAGED IN QUESTIONABLE CLAIMS HANDLING TECHNIQUES,

1 QUESTIONABLE PATTERNS OF CLAIMS, QUESTIONABLE PATTERNS OF
2 UNREASONABLY CONTROVERTED CLAIMS, POOR PAYMENT PRACTICE, OR
3 VIOLATIONS OF AS 21.36.125 AS CONSTITUTE A GENERAL BUSINESS
4 PRACTICE OF A SERVICE COMPANY SHALL BE CONSIDERED GOOD CAUSE
5 FOR THE WITHDRAWAL OF THE AUTHORIZATION OF THE SERVICE COMPANY.

6 (e) EACH SERVICE COMPANY SHALL BE SUBJECT TO AUDIT BY
7 THE DIRECTOR OR HIS DESIGNEE AT HIS DISCRETION BUT NOT LESS
8 FREQUENTLY THAN EVERY THREE YEARS. PRIOR NOTICE OF THE
9 AUDIT IS NOT REQUIRED. THE AUDIT MAY CONCERN CLAIMS,
10 FINANCIAL MATTERS OR ANY ISSUE REASONABLY RELATED TO
11 THE QUALIFICATIONS OR DUTIES OF A SERVICE COMPANY UNDER
12 THIS CHAPTER.

13 (f) THE DIRECTOR MAY ESTABLISH GUIDELINES FOR THE
14 RETENTION OF SELF-INSURER DOCUMENTS MAINTAINED BY A
15 SERVICE COMPANY.

16 (g) IF THE DIRECTOR HAS CAUSE TO WITHDRAW AN AUTHORIZATION
17 FOR A SERVICE COMPANY, HE SHALL GIVE PRIOR WRITTEN NOTICE OF
18 THE WITHDRAWAL. THE SERVICE COMPANY MAY REQUEST A HEARING
19 WITHIN 20 DAYS OF THE NOTICE BY THE DIRECTOR. FAILURE TO
20 REQUEST A HEARING WITHIN THE TIME PRESCRIBED SHALL RESULT
21 IN THE WITHDRAWAL BECOMING EFFECTIVE 30 DAYS FROM THE
22 MAILING DATE OF THE WITHDRAWAL NOTICE. THE NOTICE SHALL BE
23 GIVEN TO THE SERVICE COMPANY AND ALL INTERESTED PERSONS. THE
24 HEARING SHALL BE HELD UPON 10 DAYS WRITTEN NOTICE TO THE
25 SERVICE COMPANY AND ALL INTERESTED PERSONS. HEARINGS SHALL
26 BE CONDUCTED PURSUANT TO AS 21.06.180-240. A RULING BY THE

1 DIRECTOR SHALL BE MADE EFFECTIVE NOT LESS THAN 15 DAYS
2 FOLLOWING HIS ORDER.

3
4 SEC 21.62.150. RECORDS. (a) A SELF-INSURER OR A
5 SERVICING COMPANY ON BEHALF OF A SELF-INSURER SHALL
6 MAINTAIN ALL CLAIMS RECORDS AT A LOCATION WITHIN THIS
7 STATE.

8 (b) SELF-INSURER RECORDS MAINTAINED BY A SELF-INSURER
9 SHALL BE SUBJECT TO GUIDELINES ESTABLISHED BY THE DIRECTOR
10 CONCERNING THEIR RETENTION AND REVIEW BY THE DIRECTOR

11 (c) ALL CLAIMS FILES OF A SELF-INSURER ARE SUBJECT TO
12 REVIEW BY THE DIRECTOR DURING NORMAL BUSINESS HOURS AT A
13 LOCATION IN THIS STATE AS STATED IN THE APPLICATION FOR
14 SELF INSURANCE.

15
16 SEC. 21.62.160. REPORTS. THE DIRECTOR MAY BY REGULATION
17 REQUIRE REPORTS CONCERNING PAYROLL, LOSSES, RESERVES,
18 FINANCIAL CONDITION AND OTHER MATTERS REASONABLY INTENDED
19 TO AID IN THE EXECUTION OF THIS CHAPTER. FAILURE TO COMPLY
20 WITH SUCH REQUIREMENTS IS SUFFICIENT CAUSE FOR REVOCATION
21 OF THE SELF-INSURANCE CERTIFICATE.

22
23 SEC. 21.62.170. INDEMNITY AGREEMENT. THE DIRECTOR
24 MAY BY REGULATION ESTABLISH THE FORM OF THE INDEMNITY
25 AGREEMENT REQUIRED IN SECTION 050(2) OF THIS CHAPTER. AN
26 INDEMNITY AGREEMENT MAY ALSO CONTAIN OTHER PROVISIONS NOT

1 INCONSISTENT WITH THE PROVISIONS ADOPTED UNDER A REGULATION.

2
3 SEC. 21.62.180. SOLVENCY OF FUND. THE DIRECTOR MAY
4 BY REGULATION ADOPT RULES RELATING TO THE SOLVENCY OF THE
5 SELF-INSURANCE FUND UNDER SECTION 020 OF THIS CHAPTER.

6
7 SEC 21.62.190 REVOCATION OR TERMINATION OF THE
8 SELF INSURANCE CERTIFICATE (a) FAILURE TO COMPLY
9 WITH THE PROVISIONS OF THIS CHAPTER SHALL BE CONSIDERED GOOD
10 CAUSE FOR REVOCATION OR TERMINATION OF THE CERTIFICATE OF SELF-INSURANCE
11 NONCOMPLIANCE WITH AS 23.30 SHALL BE CONSIDERED GOOD CAUSE
12 FOR REVOCATION OR TERMINATION OF THE CERTIFICATE OF SELF-INSURANCE.

13 (b) THE DIRECTOR SHALL GIVE 15 DAYS WRITTEN NOTICE OF A
14 REVOCATION OR TERMINATION OF THE CERTIFICATE OF SELF-INSURANCE. THE
15 SELF INSURER MAY REQUEST A HEARING WITHIN THAT TIME. FAILURE
16 TO REQUEST HEARING WITHIN THE TIME PRESCRIBED SHALL RESULT
17 IN THE REVOCATION OR TERMINATION BECOMING EFFECTIVE 30 DAYS
18 FROM THE DATE OF MAILING THE ORIGINAL NOTICE. THE NOTICE SHALL
19 BE SENT TO ALL INTERESTED PARTIES.

20 (c) THE CERTIFICATE OF SELF INSURANCE SHALL AUTOMATICALLY
21 TERMINATE UPON THE DATE WHEN THE SELF-INSURER QUALIFIED
22 UNDER SECTIONS 010 OR 050 EXPERIENCES A CHANGE IN MAJORITY
23 OWNERSHIP.

24 (d) A PERSON AFFECTED BY AN ORDER UNDER THIS SECTION MAY
25 APPEAL THE ORDER AS PROVIDED IN AS 21.06.230.

1 SEC. 21.62.200. INDEXING. THE DIRECTOR MAY
2 ADOPT REGULATIONS TO PROVIDE FOR REVISION OF THE DOLLAR
3 AMOUNTS IN SECTIONS 020(a), 040(1), 050(1), 060(1), 100(e),
4 AND, 110(f) OF THIS CHAPTER TO REFLECT DEVALUATION
5 OF THOSE AMOUNTS DUE TO INFLATION. THE AMOUNTS STATED
6 SHALL HAVE A BASELINE DATE OF JULY 1, 1981.

7
8 SEC. 21.62.210. REGULATIONS. THE DIRECTOR MAY
9 ADOPT REGULATIONS TO IMPLEMENT THIS CHAPTER.

10
11 SEC. 21.62.900. DEFINITIONS. AS USED IN THIS CHAPTER

12 (1) "COMMON INTEREST" MEANS, A GROUP OF EMPLOYERS
13 BELONGING TO THE SAME OR SIMILAR TYPE OF BUSINESS PROVIDED THAT
14 UNRELATED BUSINESSES WHICH ARE OWNED OR CONTROLLED BY THE
15 SAME INTERESTS SHALL BE ELIGIBLE FOR MEMBERSHIP IN A SELF-
16 INSURERS FUND IF ANY ONE OF THEM IS ELIGIBLE.

17 (2) "COMMON MANAGEMENT" MEANS, A GROUP OF EMPLOYERS
18 IN THE SAME OR IN UNRELATED BUSINESSES WHICH ARE OWNED OR
19 CONTROLLED BY THE SAME INTERESTS AND ARE MANAGED BY THE
20 SAME EXECUTIVE OFFICERS.

21 (3) "FUND" MEANS, SELF-INSURANCE FUND.

22 (4) "TRUSTEE" MEANS A GROUP OF MEMBERS ELECTED BY A
23 SELF-INSURERS FUND FOR STATED TERMS OF OFFICE, TO DIRECT THE
24 ADMINISTRATION OF A SELF-INSURERS FUND, AND WHOSE DUTIES
25 INCLUDE RESPONSIBILITY FOR APPROVING APPLICATIONS FOR NEW
26 MEMBERS OF THE FUND THEY ADMINISTER. THE MAJORITY OF

1 OF TRUSTEES MUST BE MEMBERS OF THE SELF-INSURERS FUND. A
2 TRUSTEE MAY NOT BE AN OWNER, OFFICER OR EMPLOYEE OF THE
3 SERVICE AGENT.
4
5
6

7 NOTE:

7 ADD ADDITIONAL SUBSECTION TO SEC 21.62.110 ON P.B, L.21
9

10 (h) NOTWITHSTANDING (h) OF THIS SECTION, THE DIRECTOR
11 MAY APPROVE AN EXCESS INSURANCE COVERAGE LAYER STARTING
12 AT \$1,000,000 IN AN INSURER WRITING BUSINESS IN THIS STATE
13 PURSUANT TO AS 21.33.
14
15
16
17
18
19
20
21
22
23
24
25
26

MEMORANDUM

TO: Bill Berrier
FROM: Senator Terry Stimson
Rep. Brian Rogers
VIA: Bob Williams
DATE: November 2, 1980

Rep. Brian Rogers and Senator Terry Stimson would like you to begin drafting some legislation for the Workmen's Compensation Study Commission.

First, they would like a draft which amends AS 21.36.190(d). As you can see, AS 21.36.190(d) places a number of conditions upon an association of employers which apply for a group insurance plan. We would like to remove all of those restrictions, except the filing procedure under paragraph (4), assuming that the employer group can be rated in one rating classification. So sub-paragraph (d) would read something like;

(d) This section does not apply to workmen's compensation insurance when issued to an association of employers in the same rating classification and which as a group has filed and received approval from the director for the rating program to be applied to the group.

Second, we would like to transfer the responsibility of licensing self-insurers from the Worker's Comp Board, where it now rests, to the Director of Insurance. The provisions for self-insurance are spelled out in AS 23.30.075, AS 23.30.085, and AS 23.30.090 of the Workmens' Comp Act.

As a first crack on self-insurance I would like to go with two approaches, or in other words, two drafts. The first would be to leave the requirements and provisions for self-insurance under AS 23.30 intact, and merely transfer the function to the Director of Insurance. The second approach would be to take (Sec. 50. Minnesota Statutes, 1978, Section 176.181, Subdivision 2) which is attached to this memorandum, and use that as a model. The Minnesota law allows employer groups to self-insure, and we feel that this

Memorandum
Page two

is a good idea. Also, we would like to see built into this draft the opportunity for an individual or a group to self-insure all or part of his liability for payment of comp benefits. Please have the draftsmen contact me if there are any questions.

of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money so obtained shall be deposited in the state treasury to the credit of the commissioner of insurance and awards made against any such self-insurer by the commissioner of insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of insurance and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of insurance, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 51. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 5. A political subdivision or association of political subdivisions which is self insured, may be indemnified by the special compensation fund

ing, may demand that the physician be produced for purposes of cross-examination. The signed certificate of a neutral physician is competent evidence of the facts stated therein. The expense of the examination shall be paid as ordered by the commissioner of labor and industry, compensation judge, or the workers' compensation court of appeals.

The commissioner of labor and industry shall develop and maintain a list of neutral physicians available for designation pursuant to this subdivision or section 176.391, subdivision 2.

Sec. 49. Minnesota Statutes 1978, Section 176.179, is amended to read:
176.179 Payments of compensation received in good faith

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division or court of appeals relative to a claim by an injured employee or his survivors, and received in good faith by the employee or his survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a credit against future benefit entitlement; provided, however, that the credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits or death benefits shall not exceed 20 percent of the amount that would otherwise be payable.

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. Compulsory insurance; self-insurers. (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of insurance exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner shall also adopt, pursuant to clause (2)(c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of insurance, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations which may be determined by the commissioner of insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of insurance, showing his financial ability to pay the compensation, whereupon by written order the commissioner of insurance may make an exemption as he deems proper. The commissioner of insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of insurance may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of insurance may require the employer to furnish such security the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of insurance shall deposit it with the state treasurer. In the event

? (chpt. 15) ?

of any defa
decision of
payment of
of any de-
insurer, th
treasurer
thereof re-
interest th
to satisfy
any judge
tained sha
sioner of
commission
the state
ance and
the sale o
or person
least ten
to pay the
ner as the
(2)(a); N
other bus
administ
to this su
insurance
tivities in
authoriza
missioner
organize
services
license s
itations o
may be
(b) To
ministe
benefits
In such
missioner
(c) To
suranc
pursuan
(d) es
surance
(ii) es
nancing
(iii) e
cial ins
(iv) es
member
those pl
(vi) es
adminis
(vii) e
this sub
Sec.
a subd
Subd
whic

Jackie McClintock
Worker's Compensation Officer
Fairbanks

September 4, 1979

John Cook, Director
Workmen's Compensation Division
Juneau

Payment of Temporary Total Disability
or Sec. .191 Maintenance Compensation

Your July 19, 1979 memorandum requested guidelines to assist in resolving questions as to when an injured employee undergoing rehabilitation is entitled to temporary disability and when is the employee entitled to maintenance compensation.

In the case of employees enrolled in rehabilitation programs who have unscheduled injuries and whose permanent loss of wage earning capacity cannot be determined, the Board has ordered that temporary disability compensation be paid and not the reduced compensation for maintenance provided under AS 23.30.191. In these cases the employee would not usually be enrolled in rehabilitation if his loss of ability to earn wages was permanent and the loss could not be reduced through retraining in job skills. The Board is urged to continue this policy.

Although the Board has not, to my knowledge, agreed with me on this matter, I believe temporary disability compensation should also be paid in cases of scheduled injury while undergoing rehabilitation rather than reduced compensation under Section .191 after the doctor finds the medical condition has stabilized. I urge the Board to consider offering continuing temporary disability compensation while undergoing rehabilitation in cases of scheduled injury cases.

It is my opinion that the Board should consider the following:

1. When an employee has applied for rehabilitation with an agency or in a manner accepted by the Board, he should be paid temporary total disability compensation, provided the employee is unable to work and is cooperating in the retraining process. Compensation should not be withheld until a program has been developed and the employee actually starts to school.

2. When an employee is cooperating in rehabilitation efforts, and is able to continue in a job situation at a lesser wage than the wage being earned at the time of injury, the employee should be paid temporary partial disability compensation. (Two-thirds of the difference between the employees average weekly wage and the weekly wage after injury)
3. When an employee has received temporary partial disability compensation for five years (the maximum period allowed for TP) and the employee continues in a lessor paying job but is also participating in rehabilitation efforts to learn skills to upgrade earnings, the employee would be entitled to maintenance compensation under AS 23.30.191 which provides for payment of such compensation when the employee is no longer entitled to temporary total or temporary partial compensation.
4. When the employee has waived rights to further temporary disability compensation by compromise and release, and the employee is eligible for and is actively pursuing vocational rehabilitation under provisions of AS 23.30.040. Compensation necessary for maintenance would be payable under provisions of Sec. 191.
5. When it can be shown that the employee is purposely delaying the rehabilitation process, the Board should find the employee is not doing all possible to mitigate loss, and depending on the seriousness of the employee's failure to cooperate, either order forfeiture of the compensation that would have accrued during the delay or the Board should make a determination of the loss had the delay not occurred and, in the interests of justice, discharge the employers liability by payment of a lump sum.

Present practice of the insurance adjusters is to stop compensation when the doctor indicates the employee's medical condition has stabilized. The practice is wrong. The period of disability is determined by whether or not the employee is able to earn the wages that he was receiving at the time of injury, and if not, whether his inability to earn wages is a temporary or permanent condition. If there is a loss and the condition is temporary, the employee should be paid temporary disability whether or not he is undergoing rehabilitation. If the loss is permanent, then the employee should be paid permanent disability during the period of loss.

AS 23.30.185 provides "In case of disability total in character but temporary in quality, 66-2/3 percent of the injured employee's average weekly wages shall be paid to the employee during the continuance of the disability. (emphasis mine)

AS 23.30.200 provides "In case of temporary partial disability resulting in decrease of earning capacity the compensation shall be $66\frac{2}{3}$ percent of the difference between the injured employee's average weekly wages before the injury and his wage earning capacity after the injury in the same or another employment, to be paid during the continuance of the disability, but not to be paid for more than five years."

AS 23.30.265(10) defines "disability" to mean "incapacity because of injury to earn the wages which the employee was receiving at the time of injury in the same or any other employment."

There is nothing in Sec. 185, Sec. 200 or Sec. 265(10) that states "disability" ends when the injured reaches maximum medical improvement, the treatment has ended or the employee can be rated for physical impairment. The facts that determine whether compensation is due are those that relate to the employee's disability. (Is the employee incapacitated because of injury to earn the wages which the employee was receiving at the time of injury?)

Upon reaching maximum medical improvement the employee may be able to:

1. Return to work and earn the same wage or a higher wage that was being received at the time of injury. In such cases, no compensation is payable.
2. Return to a lesser paying job and engage in a rehabilitation program with prospects of earning the same or higher wage than at time of injury. Temporary partial disability compensation would be due for a period not exceeding five years. After five years, additional compensation could be paid as needed under provisions of Sec. 191.
3. Return to a lesser paying job with no prospects of earning the same or a higher wage after rehabilitation. Permanent partial disability compensation would be due.
4. Not return to any gainful employment but with prospects of return to work after completion of a rehabilitation program. Temporary total disability compensation would be due.
5. Not return to any gainful employment with no prospect for future employment. Permanent total disability compensation would be due.

6. **Return to work or learn work that could be performed despite impairment from injury but refuses to seek work or rehabilitation.** The Board should find the employee responsible for not mitigating losses and relieve the employer from that period of disability which is not attributable to injury.

In making a finding that the employee failed to mitigate damages, the Board should be first satisfied that the employee's failure to seek work or rehabilitation is not due to post traumatic neurosis. If the latter and the neurosis was set off by the injury, then the employee should not be held responsible for actions brought on by the mental problem.

Apparently, Sec. 191 causes confusion, but it must be noted that it was enacted in 1963 when there was a limit on payment of temporary total and temporary partial of \$20,000. In the cases of unscheduled injuries, the limit was \$17,000. The limits applied to compensation paid for both temporary and permanent partial in the aggregate and it was often the case that an injured worker would be paid the maximum but needed rehabilitation. To encourage rehabilitation of those who were no longer entitled to temporary disability compensation, Sec. 191 was enacted.

For injuries after 1975 there is no maximum limit for payment of temporary disability and such compensation should be continued while undergoing rehabilitation if the employee is temporarily incapacitated from earning the wages as before injury, even though medically, the employee has attained maximum healing. Likewise, payment for temporary partial disability should be continued, when only the employee's medical condition has stabilized but his ability to earn wages has not.

In those cases where injury prior to May 22, 1975 precludes payment of temporary disability beyond a maximum amount, where the employees have waived rights to further temporary disability compensation by compromise settlement, and where an employee's eligibility for temporary partial has terminated due to the five year limitation in Sec. 200, payment of compensation for maintenance under provisions of Sec. 191 would be appropriate while the employee is undergoing vocational rehabilitation.

Professor Larson states that temporary total disability is payable during the period of healing and complete wage loss. Our statute defines "disability" as the incapacity because of injury to earn the wages which the employee was receiving at the time of injury. When such a condition is temporary, Sec. 185 requires the payment of temporary total disability compensation during the continuance of the disability. I interpret this to mean that, even in cases of scheduled permanent disability cases, temporary compensation is payable when a temporary incapacity to earn wages exists even though at some time during that period the employee is considered medically stationary.

It is easy to find statutory authority for continuing temporary disability while undergoing rehabilitation in unscheduled injury cases because permanent partial disability is awarded based on the employee's permanent loss of wage earning capacity and such a determination cannot be made until the training is completed and the employees loss of wage earning capacity is known.

It is more difficult in the scheduled injury cases because AS 23.30.190(1) through (21) except (20) provides for a specific number of weeks of compensation to be paid depending on the degree of "loss of or loss of use". Sec. 190 provides that such compensation shall be paid in addition to temporary total or temporary partial disability compensation. Temporary disability is payable while the employee is temporarily "unable to earn the wages which the employee was receiving at the time of injury".

For an example, when an employee loses an arm or the use of an arm, the employee may continue to be temporarily disabled from earning pre-injury wages even though the doctor rules that the employee's condition is medically stable and the degree of permanent loss of use can be determined.

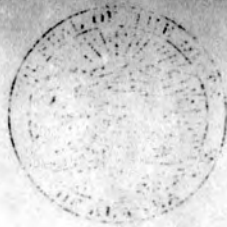
In such a case, I believe the employee should be considered to be temporarily disabled and paid temporary disability compensation even though the employee was medically healed, unless at the time of maximum healing and rating for loss of use it can also be said that the employee is able to return to work, does not need rehabilitation and his earning capacity has also reached maximum improvement.

There is one other area of concern relative to the scheduled injury. There will be persons who cannot return to work or can only return to work at a lesser paying job but cannot be rehabilitated to something better. In other words, both their medical condition ability to earn wages are permanent.

In the first instance, if the person is totally disabled from return to work, cannot be rehabilitated and the condition is permanent, the employee could not be paid compensation for disability under Sec. 190 because Sec. 190 provides for a disability "partial in character" but permanent in quality. This case would be total in character and permanent in quality and paid under provisions of AS 23.30.180 for permanent total disability.

In the second circumstance when the condition is permanent at lower paying work, and the employee cannot be rehabilitated to a higher level of earnings, the employee should be paid the number of weeks compensation allowed for permanent loss of or loss of use under Sec. 190(1) through (21) except (20) and no further temporary or partial disability compensation is due. The Board should ascertain, however, that the earnings after injury are not so minimal or sporadic in nature as to fall in the "odd lot doctrine" and if so the earnings should be considered inconsequential and a permanent total award made.

CO-CHAIRMAN
SENATOR
TERRY STIMSON
REPRESENTATIVE
BRIAN ROGERS



MAILING ADDRESS
1024 WEST 6TH AVENUE
ANCHORAGE, ALASKA 99501

Workers' Compensation Study Commission

NOVEMBER 7, 1980

TO ALL MEMBERS

THE WORKERS' COMPENSATION STUDY COMMISSION WILL BE HOLDING ITS NEXT PUBLIC MEETING THE 15TH OF NOVEMBER IN ANCHORAGE. IT WILL BE CO-CHAIRLED BY SENATOR TERRY STIMSON AND REPRESENTATIVE BRIAN ROGERS.

LOCATION: LEGISLATIVE INFORMATION
OFFICE
1024 WEST 6TH AVENUE
ANCHORAGE, ALASKA

TIME: 8:30 A.M. (ANCHORAGE TIME)

THE MEETING WILL BE TELECONFERENCED TO ALL SITES. IF YOU WILL BE ATTENDING THE MEETING IN ANCHORAGE OR AT YOUR TELECONFERENCE SITE, ON THIS DATE, PLEASE CONTACT ME, BY RETURNING THE ENCLOSED CARD OR BY CALLING ME AT 272-7555. SHOULD I NOT HEAR FROM YOU PRIOR TO NOVEMBER 15, 1980, I WILL ASSUME YOU WILL BE IN ATTENDANCE IN YOUR AREA.

THANK YOU FOR YOUR ASSISTANCE.

SINCERELY,

WORKERS' COMPENSATION STUDY COMMISSION

Licia
LICIA PICENO
ADMINISTRATIVE ASSISTANT

Alaska



STATE CHAMBER of COMMERCE

310 Second Street
Juneau, Alaska 99801
Phone 586-2323

November 6, 1980

Honorable Brian Rogers
House of Representatives
P. O. Box K, College Branch
Fairbanks, Alaska 99708

Dear Brian:

Many thanks for agreeing to report on the progress and goals of the Workers' Compensation Study Commission at our Prelegislative Conference in Anchorage on Thursday, December 4, 1980. The meeting will be held in the Windsor Room of the Sheffield Hotel.

Traditionally, this meeting is held annually to provide us an opportunity to review pending legislation and adopt the position we will support in the coming legislative session. We anticipate about 50 Alaskan business leaders will be in attendance including our statewide board of directors, local chamber officials, and industry and association representatives.

Our Chairman, Don Finney of Ketchikan, will open the meeting on Thursday afternoon and we will schedule your appearance for about 2:30 p.m. I would suggest you plan to informally report to us on your committee's activities for 15 to 20 minutes and then following your presentation, we will open the meeting to questions.

As you are aware, the business community has both a big stake and keen interest in Alaska's Workers' Compensation program so there will be real interest in your remarks and the committee's report.

I greatly appreciate your willingness to attend our meeting. Naturally, you are welcome to attend the remainder of the day's program if your schedule permits.

Please contact me, Brian, should you have any questions and again, congratulations on your recent reelection.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don", is written above the typed name.

Don Dickey
President

cc: Chairman Don Finney

Building A Better Alaska

TESTIMONY OF COMMISSIONER W. W. FRITZ
COMMISSIONER OF INSURANCE
SALEM, OREGON

Oregon, has the reputation of having the most expensive compensation systems in the nation. The cost has soared from 52 million to 500 million within a decade. I might add here the amount is currently up to 700 and 50 million. These costs inevitably have to be passed on to the consumer of goods and services and have become a deterrent to the economic growth in Oregon. Furthermore, I'm not satisfied that the benefits provided to the worker are adequate or realistic. My hope is that we can accomplish a system to provide the maximum benefits to the injured worker at the least possible costs.

I think that almost every member of this committee and everybody who is here testifying before this committee will concur that our objectives and purposes are to a common goal; that is, to provide the benefits, adequate benefits, at the least possible cost to the employer. I will now read a few excerpts from the forward of the report of Montgomery's "Committee to the Governor".

Incidentally, 12 members of this particular task force are composed of: representatives of the plaintiff bar, the defense bar, the AFLCIO, the Teamsters Union and various manufacturing association. The split or the makeup of the committee was very fair, equitable and uniform. The following are some excerpts from their report to the Governor. Worker's Compensation Insurance premiums in Oregon are approaching 600 million dollars annually. Roughly, \$600.00 per employee per year. The number of claims has grown to almost 200 thousand and 25% of them are disabled.

We've continued to hold a dubious distinction of leading the nation in frequency of accidents. 14 accidents per 100 workers. In this committee report, which ultimately

Fritz continued

concluded, with approximately 57 recommendations, have been made to the Governor for legislative changes to affect the rate reforms in our system. All are individually discussed in other publications. I have offered Mr. Bob Williams and any member of the commission to make available to them the individual reports on the individual recommendations. I have furnished your committee with a copy of the final report and I think I have only furnished one. If any of you are interested, I will furnish one and if any of you are interested I will furnish each member of this commission with a copy of this final report.

Bear in mind, that our systems are not necessarily synonymous. We have aspects of our worker's compensation system that are not necessarily the same as yours. For instance, we have a Worker's Compensation Board which is supported by a premium tax of 6.7% of the premium that generates roughly 35 million dollars. This is used to operate a compensation board. That includes, a hearing officer who hears the various sundry contested cases. It also includes, the cost of the Callahan Center, which is the rehabilitation center that was created some years ago. I might add, at this point, that it is the recommendation of the Governor's Task Force that the continuation of the Callahan Center be terminated. Their investigation report indicates that the Callahan Center employs roughly 225 therapists and positions and technical, physical personnel. The total number of employees injured or utilizing it is 65.

At the current time, in other words, you have 220 employees administering the 65 people who are currently taking rehabilitation. It is the recommendations of this committee that the Callahan Center be discontinued and that the burden, or, if we use that term, of rehabilitation be placed on the companies. All of this is covered in separate reports and is available.

I will now attempt to cover what, I think, is one of the major recommendations of this committee. We have, for years, if you will understand the history of Worker's Compensation, realize, that in the early 1900's, Worker's Compensation first came into the picture, largely, I think, in the State of Wisconsin, with a great deal of justification. However, at the time, the trade-off was made between the employee and the employer, in lieu of, the Worker's Compensation. The employer, in perhaps, labor, also, at that time, had serious misgivings about the use of a private insurer to cover that operation. They were fearful and, with some justification, of the cartel type of arrangement that existed at the time. However, it is our conclusion that there is no longer any particular danger of the cartel arrangement between the company. Because, today, the conditions are highly competitive and, of course, there is always the specter of the Federal Anti-Trust implication; so that, there is little cartel arrangement with the use of the filing and prior approval of Worker's Compensation rates.

In the State of Oregon, we have abolished the prior approval of rates in automobile and homeowners many years ago, with a very salutary effect on our rates. The only rates that are currently, "prior approved" in Oregon, at the present time, are Worker's Compensation and Title Insurance. The committee is recommending that we abandon the "prior approval" system of Worker's Compensation rates and go to a file and use system.

Under the system that is being proposed, (I'll be glad to answer any questions on it after I finish this,) the National Council will be the statistical gathering agency for all of the premium and losses developed in the State of Oregon and they will develop for us, for the Department, what is known as the "pure premium". They are going to equate the losses

page 4

Fritz continued

to the premium income and no further. From that point on, after the National Council has developed what premium it takes to develop the necessary "premium dollar" to pay the losses, it then, will become the responsibility of each individual company to determine their own expense factor. From that point on, they can file the rate and their expense factor with the Department and proceed to use it.

In order to protect and prevent anybody from under-selling the market immediately, to corral the business and create a monopoly, we are retaining the right in the Department to forbid any company from penetrating the floor. In other words, I'm using the floor as "pure premium". No company will be allowed to penetrate below that price, without prior approval. Because, I'm certain, in some cases, where a company, due to some particular marketing advantage, has in a particular class or particular type of business can possibly come in below the "pure premium". If so, they can demonstrate it and prove it to me or my actuarial staff. We will, then, consider approving and letting them penetrate the floor; otherwise, no. That will be still prior approved.

Anything above the "pure premium" level, the companies are free to compete. I am firmly convinced the conclusion of the Governor's Task Force, on this particular issue, that the net result will be considerable reduction in the rate, in the State of Oregon. When I point out to you that we are at the highest rate, in the United States, in the State of Oregon, and we are sixth in benefits, there is something wrong with the system. I think this is going to be one of the steps that is necessary to correct that position.

It is true that other states have had similar problems. Florida, I think was number two in the nation and they have

page 5

Fritz continued

recently addressed the problem and taken a little different approach. They have gone on the system that is based on the "loss wage" concept. Particularly, with reference to permanent partial disability cases. I think, under their current system, the injured employee is rehabilitated and put back to work. He is paid the difference between what he previously earned and what he is currently earning by way of compensation, instead of getting a dollar amount single injury award or being put on compensation indefinitely, regardless of what his future income is.

It did not bring it about. It was mandated, I think, a 16% reduction in the Florida rate, when this was inacted. It is too early, in my opinion, to draw any valid conclusions from what has occurred in Florida. It may as well be that they have the answer. I do not know, but time will tell.

In the State of Oregon, we have a highly competitive marketing situation in Worker's Compensation. In 1978, I managed to get a Bill through the Legislature, allowing the companies to deviate below the National Council's rate where they saw fit to do it. Unfortunately, not many companies followed the suit and took advantage of that for the first year or two. However, in the last year, a number of companies, that had deviated, are filing deviations. That is fairly remarkable.

I think, we have currently, 10 to 12 out of 22 to 25 major writers currently filing deviations in various classes. They feel that they can, due to their expertise, safety program or something, deviate below the National Council's rate and still make a profit. We have estimated that in the last year, due to deviations alone, that have been filed and used in the State of Oregon, there have been net results of saving the employer in excess of 8 million dollars.

Fritz continued

I look forward to further deviations, until such time, that we get to open rating and open competition. I cannot tell you whether or not that is advisable for the State of Alaska because it has been sometime since I have been here. I do not know of the competitive situation that exists, your markets or whether you have competition. If you do have competition, I feel that it will be salutary. I would like to relate a little story about what competition is doing in the Insurance Industry, particularly, in the lower forty-eight.

I was in the office of the President of one of our major companies. He was pounding the table, telling me, that he was going to hold the line on pricing, if he couldn't see a profit. He wasn't going to write it. He wasn't going to go through a repetition of 1973 and 1974, when many of the companies were on the verge of disaster, due to bad experience. So, he was going to hold the line. I agreed, that's fine, and walked out of his office. I went by the office of the Vice-President in charge of underwriting. He said, "Hey Bill! Wait a minute! I want to talk to you". He says, "I am going to be down tomorrow and file for a rate reduction in our Farm Homeowners. My competition has cut it's price and is taking our market away from us. I've got to cut the price to stay competitive". That's what occurs in the industry, if you allow competition to work.

In the Automobile Industry, in the State of Oregon, and in the Insurance Industry, the rates, assuming, basically, the same coverage, for an automobile, in the city of Portland, varies from 150 up to \$325.00, depending upon which company you go with. Some of the direct writers and some of the companies can't afford to write it at that price. Others are up to \$325.00. So, I am always urging the people in the State of Oregon to shop for their insurance, because there is a wide discrepancy and a wide variance in price. I think the same thing is going to occur in Worker's Compensation.

Fritz continued

The National Association of Insurance Commissioner's appointed a committee, a B-3 Committee, to study, whether or not, competition existed in the Insurance Industry. That Task Force made a very extensive and voluminous study. They concluded that competition does exist and secondly, they surprised me with their preliminary report. In the preliminary report, they lost over Worker's Compensation, which is the second largest source of premium in the United States. By simply stating, that Worker's Compensation has been traditionally, "prior approved", and we see no reason to disturb it. Needless to say, some of the Commissioners, like Wess Kindar, Hugh O'Connor of Illinois, and myself, jumped all over the committee. They have now reversed their position and they now have come out, whole-heartedly, endorsing open competition.

There are few companies, this is true, who feel that they have a price advantage. At least, that's my conclusion. In the expense factor, I would like to see the National Council continue to use the average expenses in the United States to make the rate. If your expense factor is less than the average determined by the National Council, you have a distinct advantage in marketing. If you can keep that up, you are going to be in a lucrative business. For those who are above the expense factor, they're either going to have to get their expense factor down or get out of the business. There are no two ways about it. They simply cannot continue to compete and I have no sympathy for them.

It is true. Open rating is going to create additional problems for your Director, for myself, for the Commissioner's, who are charged with the solvency of the company. We are going to have to improve our system and increase our monitoring of the companies, to insure the fact, that they remain solvent.

There is one or two other points that I would like to address

and then I will open this up for questions. We have additional problems for your Director, for myself, for the Commissioner's who are charged with the solvency of the company. We are going to have to improve our system and increase our monitoring of the companies, to insure the fact, that they remain solvent.

There is one or two other points that I would like to address and then I will open this up for questions. We have additional problems in the State of Oregon. We are what's known as a "three way system". Actually, we are a "two way system", now. We were three up, until July of last year. The Legislature changed, what is known as, SAIP (State Action Insurance Project) from a State corporation to a private corporation. They now fall into the category of being a private insurer; so that, we really have a "two way system". That "two way system" is self-insurers and competitive stock or mutual companies.

SAIP adopted practices, that concerned the Legislature and concerned me to a great deal. Yet, you are politically in a tenable position, in attacking what they were doing. For instance, they were utilizing what we call a "cash flow" program. On our "cash flow" program, you credit the insured with a dividend upfront, that he anticipates, or they cannot guarantee but were reasonably certain that the insured was going to get a dividend. They credited him with that upfront and carried the balance of the account in, sort of, an account receivable. I found that the SAIP, out of 200 and 50 million dollar premiums written, had 95 million dollars out in accounts receivable in this type of program.

As you can see, when you hit a recession, such as we are currently going through, there is the specter or the danger of the employer going out of business, saying go scratch or go file your claim with my other creditors. You might get paid.

That created a solvency problem and the Legislature was greatly concerned with it. That and other things, resulted in SAIP being changed from a state corporation to a private corporation.

In the field of self-insurers, there are problems. They aren't as paramount, because, basically, most of the self-insurers are large outfits. They are in a position where they can practically guarantee the funds necessary to pay the injured worker over a long period of time. However, what is developing now, is a tendency to group a smaller employer, which I think is quite detrimental. It is probably advantageous on a temporary basis to a small employer, to group smaller employers. I'm talking about those that generate maybe \$20,000 dollar premiums altogether. There are probably 100 of those. You will find one or two of them who will go belly-up or have very, very bad experience, losswise. The burden is going to be thrown on the others to bail him out, and they're not going to like that.

I have insisted, that if you allow smaller employers to group, that they develop a guarantee fund, pre-paid in advance. I want the assurance that there is going to be money there to pay the injured worker, if the event arises. They can have access to the money or utilize it. I want the assurance that there is going to be money to pay that injured man or the widow and his children, in the event the situation arises, that they can no longer do it on their own.

I have a grave concern about some of the larger employers or self-insuring, utilizing offshore captives for reinsurance purposes. I intend to ask the Legislature to enact legislation, declaring that offshore coverage, as being primary. I see no difference between them, a self-insurer carrying

reinsurance. If the stock gap comes in at 10 million dollars and a million dollar deductible on a standard policy, you hold the carrier, who is on the reinsurance, as the primary carrier. It has a number of salutary effects.

I'm sure that this committee is going to have one or two questions on the feasibility of a completely state operated fund; such as, Washington and other states have. I, personally, do not advocate it. The experience in the State of Ohio, which has the largest self-state operated fund is disastrous. They currently have a 2 billion dollar or higher deficit at the present time in that fund. Where are they going to get money to bail it out? I don't know.

In the State of Washington, they have a state monopolistic system. It is not as bad as the one in Ohio. They have, what I consider, a program that is very, very unfair to some employers. They use the hourly base, hourly payroll to determine the premium to be paid into the fund. There is a lot of cheating going on down in the State of Washington, on that hourly payroll report. In the State, it is impossible for them to monitor every employer, to see to it that he properly reports every employee's hourly wage; so, there are deficiencies in that.

I think I am going to open this up to questions of the committee.

WORKER'S COMPENSATION STUDY COMMISSION

QUESTIONS/ANSWERS

MEMBERS AND COMMISSIONER FRITZ

October 16, 1980

Rogers

Are there any members of the commission in Anchorage who wish to question Commissioner Fritz?

O'Keefe

I have several questions. Maybe, I could just give a few and some of the other committee members could talk about it.

Our sub-committee task force, breaking down from this larger group, of which one committee is rehabilitation is looking for direction on a rehabilitation program. Now, you indicated that the Oregon State endeavor of, I think you said, Callahan Center, was not financially successful, nor does it produce any results. Did the study committee come up with any recommendations on what a just manageable rehabilitation program might be? Could you give us some insight on that?

Fritz

Off hand, I can't answer that specific question. All I can tell you is the conclusion. They felt that the Callahan Center was a tremendous unnecessary expense. The labor is not going to the Callahan Center for rehabilitation purposes. That's one of the reasons. It's located between Salem and Portland. I can very well see why somebody from Medford or from the Eastern part of the State, being reluctant in going over there for treatment, even though he is being paid Worker's Compensation while in attendance. There was a conclusion of the committee that the Callahan Center was an unsuccessful operation.

O'Keefe

Thank you. I have two more questions. These relate to the NCCI and their rate data. This morning there was some

O'Keefe continued

concern about credibility of data. In other hearings which we've had, there's been some analogy and suggestion that we look at the ISO (Insurance Service Offices) rate data base and see how that might compare with NCCI. I noticed in your comments, you are a strong advocate of maintaining NCCI for, at least, a data base as applies to the benefit side. Can you compare those two for the committee? That could give them some insight on credibility as you see it.

Fritz

Both organizations, in my opinion, have a high degree of credibility but they are both operating at different spheres. One is into property and autoline and the other one is in Worker's Compensation. The system of open rating, such as I am currently advocating and also the Governor, probably, will be adopted in Oregon.

It is highly important and essential, that no way in the world, the system can operate without a data base or an adequate source of obtaining the experience to develop the "pure premium". There's no organization that I know of that's better equipped to do it than the NCCI. I don't always agree with them, particularly, when they file for rate increases.

They are the most competent and the most efficient organization for developing rates, at least, as far as I am concerned.

We looked in Oregon at developing our own rating bureau. We concluded, it would cost us five million dollars just to set one up. It would take five years before the data, which would go into it, would become meaningful. At the end of five years, we would have credibility on only 100 classes out of 800 classes, that we have in Oregon.

Fritz continued

If I can recall, I think you probably have here 600 classes out of the 600. I think, you could, probably, develop credible statistics on only 2 classes.

You've got to rely on national experience for developing rates, particularly, on those classes where you do not have sufficient experience. I have to do it, in about 700 classes. We simply cannot afford the cost of setting up our own rating system.

California has their own. In the California system, it out-shadows Oregon, Alaska, Washington, Montana and Idaho, all of us combined. The ratio is 10 to 1; so, they can develop meaningful statistics on their classes. There are bugs in the California system. California is also looking at open rating, so is Arkansas, Georgia and many other states but the bug in the California system is that the companies are competing in California, strictly, on a dividend basis. There is redundancy built into the rate in California, that is being utilized by the companies to compete.

They go to an employer and say we can pay so many dividends every year and another company comes along and says, we'll pay you that, plus, another 100 dollars more; so, the companies are not competing on the basis of rates. They are competing on the basis of dividends. When they do that, you can bet your shirt, there is redundancy in the rate. If there isn't a redundancy, you can't generate the dividends which are being paid out.

O'Keefe

Could you highlight your ideas on trending factors, which was also brought up this morning?

Fritz

I'm not an expert on the trending factor. I have reservations on it. I think, it has a tendency to yo-yo in the rates. To give you an example, I'm very fearful of that. I'm gonna have some bad experiences with the National Council in the next few months. We received a 16% rate reduction, which amounted to, roughly, 80 million dollars in a reduced premium in the State of Oregon last year, based on the trend factor that they developed. We cut rates roughly 16%. That was roughly 80 million dollars but I'm cognizant of the fact, that our payroll in the State has dropped tremendously, due to the recession. I have a feeling that the trend factor is now going to indicate a 16 or 18% increase if necessary, as needed, in order to generate the payroll to meet the losses.

That's why I don't, particularly, care for the trend factor. I think they yo-yo the rates. I think, it's very disturbing to an employer, particularly, to a contractor who has to get out and bid on a job. If he doesn't know from one day to the next what his rates are going to be, or, at least, from one contract to another what the rates going to be, he is at a distinct disadvantage in bidding a contract.

O'Keefe

Did the committee in Oregon come up with any solution to what was testified there or what was discussed this morning, in terms of bringing rate level up to current situations in going the 30 months ahead of time? Did they address that issue at all, in terms of, rate making?

Fritz

The entire operation is the same as you people are doing here. That's why, perhaps, I was a little bit rude or bored. I didn't listen at all on that. I have been through it before on two different occasions. They did the same presentation to us and it was accepted by the

Fritz continued

committee as a valid presentation. I have no quarrel with the NCCI rate making. I don't, necessarily, buy the trend factor that they are currently using, because, as I see it, it has a tendency to yo-yo the rates. Here we are one day because we got a 16% reduction, but next year, when they come along with an 18% increase based on a trend factor, there probably, will be problems. I'd rather see the rates leveled.

Maloney

I had a question on open rating. What are the disadvantages of open rating? You mentioned, that you've got a problem or you're going to have to work a little hard to make sure that the companies remain solvent. What happens in Oregon, if a company becomes insolvent? Are the other insurers supposed to pay?

Fritz

They are covered under the guarantee fund. First, we require a security deposit before we allow a company to come into the State of Oregon and do business, whether it be auto, property or any casualty line in Worker's Compensation. They must put upfront, I think, a little over a million and a half dollars to write Worker's Compensation that I hold. The company has access to it. They can have the earnings, but if the company goes belly-up, I use that million and a half dollars to pay off their claims and if that runs out, then, the guaranteed fund assesses all companies writing Worker's Compensation to make up the deficiencies. I have Eldorado, a California company, currently in receivership. The earnings, fortunately, on the million and a half deposit that I have, have been so good, that I haven't had to touch the principle of it. I have been able to pay all of the outstanding claims, strictly on the earnings of the security

Maloney continued

deposit. That is, from a policy standpoint, once you go to an open rating system, what logical reason is it for the other insurance companies to be forced to contribute to a security fund, if their competing against each other and NCCI sets a rate, which they feel is fair, and you come forth and say, alright, we will allow you to vary, perhaps, below the "pure premium" level?

Fritz

I don't really anticipate any company jumping in immediately and trying to penetrate the floor of the "pure premium". The difficulty they're going to have is developing their expense factor. They will know what "pure premium" they will need by class. The companies are going to be guessing, to some degree, as to what their expense is actually going to be. At the end of the year, if the President of the company doesn't take a good hard look at the result of writing Worker's Compensation, he doesn't belong as President of the company.

Maloney

Have you looked at the possibilities of obtaining a bond or insurance or someone to cover companies entering the market?

Fritz

They are covered under our guarantee fund. Our guarantee fund requires everybody that writes insurance the same as you have here in Alaska. Everybody that writes that particular line, must participate, in the event the company goes belly-up.

Maloney

It just seems to me that, that's illogical, once you allow open rating. Once you allow pure competition, I don't think a company coming in that's undercapitalized should be able

Maloney continued

to ask those companies that are fully capitalized, which might have been charging a little rate, in order to maintain their solvency, to contribute to their competitor, who's underpricing and taking the business away.

Fritz

Let me correct that. Once we invoke the guarantee fund, that company is out of business. All we are doing is paying off the existing claims. That company is gone. It's down the tube.

Maloney

I understand that. I'm just saying that they come into a market, perhaps, being somewhat undercapitalized in an attempt to penetrate the market, as entrepreneurs have been known to do where there is competition in any market place. They underprice their products, somehow convince you to allow them to penetrate the "pure premium" floor and then the competitors, who were holding the line on prices or charging a reasonable price, are forced to finance, in a sense, the entrepreneurial venture the undercapitalized company took.

Fritz

In the first place, I feel that my staff is competent to make a determination of, whether or not, this company can undoubtedly demonstrate, through statistical data, that they can do better than the "pure premium". Secondly, we would be monitoring on a continuous basis; in other words, demanding quarterly reports from the company on this particular line. If we saw the experience was developing sour, we would immediately revoke the authority to utilize the rate below the "pure premium" and force them back into the normal thing.

Maloney

I wouldn't question your competency to do that. What I question is laying the cost on the competitor, where it's the State that's made the mistake. It seems to me, that if you're in a situation, where the State has licensed someone or authorized someone to charge a premium, which is too low, the State should or your organization should, be forced to come up with the funds for its own mistake.

Fritz

I am really not in a position to answer, one way or another, because I haven't even gotten to the open rating, but once we get there, you can rest assured, it's going to be a long period of time before anybody comes in and tries to penetrate the floor of the "pure premium" and get approval of it.

O'Keefe

For the benefit of the other staff members and Commission members here, we do address this with our own Department of Insurance, to make sure that they, logically, have the capability to do this kind of policing, keeping in mind that most times, record keeping is not local. So, perhaps, Kenny Moore would be asked, at some point further on, to comment on the ability and the necessity of the State here to do that policing.

I have a couple more questions. In previous testimony, we did address the issue of self-insurance. In this State, it is my understanding that the policing action of the self-insurance program is not just with the Department but with another agency. I believe, it's the Worker's Compensation Board. It's a standard thing to be under attack now, as to qualifications. Do you have any recommendations on what we might consider for a starting point for self-insurance? If

O'Keefe continued

so, what do you do in Oregon on self-insurance qualifications?

Fritz

The qualifications are prescribed by the Worker's Compensation Department or Board. They are not nearly as stringent as we would like them to be. This particular committee has expressed a great deal of concern over the self-insurers. They talked to me about giving the jurisdiction of the self-insurers to the Insurance Department. However, in order to do that, at least from a financial operation, not, necessarily, the benefit level. That's the Worker's Compensation Board and I want no part of it. We have guidelines which we force the insurers today to comply with, to preserve their solvency. We restrict what they can invest. We monitor the dividends, and all their financial activities are carefully monitored by the department, either through the examination or review, of their financial data.

We cannot apply those same rules to a self-insurer. We cannot go into Georgia Pacific, Weyerhaeuser or any of the big self-insurers and say, look, you cannot buy this particular stock 'cause it hasn't been dividend paying for five consecutive years. You must set this much aside in your assets, for reserve, for claims, or you must set so much aside for incurred but unreported claims. The rules of examination and financial activity would destroy self-insuring. It takes away the purpose of why people go self-insured. They get the use of their money, without the restrictions, that we place on insurers. So, until the Legislature or this committee can come up with a solution, as to how we can monitor the financial activities of a self-insurer, I don't want any part of it.

O'Keefe

One more question and I think I'm done. Could I get your

O'Keefe

opinion on your experience and expertise in the area of factious grouping? It is my understanding now, at least, in regards to Worker's Compensation, we can have safety groups. The idea being that the safety group itself does something of benefit that would reduce losses and, therefore, justify a reduced premium. What about factious grouping, without any purpose in mind, when you say five neighbors getting together?

Fritz

We don't allow factious grouping, without any common goal or purpose. There are restrictions on grouping. On the safety dividend grouping, we had considerable misgivings. We allowed four companies to use safety dividend operations. In other words, it's an association, that all of the individual employers belong to. The association agrees with the company that we will undertake and do your legal responsibility of safety engineering that the law requires each insured or insurers. They do it through the use of the association. In turn, the dividends generated flow-back to the association, who utilize the funds, to continue their operation and finance the safety operation.

We have placed a restriction on them that they cannot, a company cannot remit back to the association, anymore money that is actually spent in the safety work. In other words, we match it 'cause it can be a form of a rebate. Therefore, we have placed a severe restriction on it. However, California did the same thing and it was challenged in the State of California. This past week, the Circuit Court of Appeals, in California, has taken the position that the Insurance Department can't place those restrictions on it. So, I think, we are going to have to back off and open this thing up. Allow

questions/answers continued

Fritz continued

the associations a lot more flexibility and freedom in that operation. I have a feeling that the same is going to occur in our court. Now, that's the EBI case.

Rogers

Are there any other questions?

Carlson

Commissioner Fritz, you commented on your committee report. What was the date and how and when did they submit that?

Fritz

The report was submitted to the Governor in November of last year. The Governor charged the committee on January 22, 1979. It was my suggestion that he appoint this committee to study the thing from one end to the other. Like I say, we are number one in the Nation in rates, number six in benefits and it's a dubious position. This report was delivered to the Governor on September 25, 1980. The Governor accepted the report and for the big meeting of all the employers and all the interested people in Portland (550 interested employers and people were there when the Governor accepted the report).

Carlson

I'm a little confused. Then, it didn't take legislative action. You talk like some of this is in effect now. Were you able to do this all by regulation?

Fritz

None of this has been done by regulation. Dwayne, this is all the committee's report to the Governor, which will be packaged in a "one shot" Worker's Compensation Bill. (I'm not too particularly happy about it all being appropriated into one bill.) I'm interested in seeing open rating. The more things

Fritz continued

that you've got in the bill, the more chance it has of getting shot down. My open rating bill, I think, will sail right through. The more things you attach to it, the more opposition you generate. The Appendix B of the legislative changes that are necessary are all recommendations. Dwayne, none of this has been adopted. It is going to be presented by the Governor in a package bill starting in January of 1981.

Carlson

Thank you. You're still doing business as you have in the past?

Fritz

We are still operating under the same basis.

O'Keefe

This brings up some more questions on my part. You indicated that your particular concern is on the expense dollar. In this case this morning, we heard it's approximately 30%. From the size of the report you have there, I would think that the other 60 to 70% is being attacked too. Is there any other recommendations in the report that have significant dollar impact that we should be interested in?

Fritz

There are 57 different recommendations. Some of them you do not have. That's why I say, you cannot take this report in total. For instance, for a long time, we were faced with the position that nobody, no carrier, could close a claim until the Worker's Compensation Board told them they could close it. Many times the worker was back to work two weeks before the Worker's Compensation Board got around to telling them they could close the claim.

Fritz continued

In the meantime, the company has made two more payments to them and they have a hard time getting it back. They are not going to sue for the two weeks wages. The total overall estimation of what will result, if all of the recommendations are adopted by the Legislature, roughly, it has been estimated at about 60 million dollars.

There is no one single factor that I advocate being the solution. We have problems. For instance, you can appeal from a Worker's Compensation referee hearing, if he made a determination that you got this much disability and you could appeal that to the circuit court. The experience has been that ninety percent of those cases were upgraded by the circuit court. Now, they are changing the system. It has been changed for the last session. You go from the referee to the Circuit Court of Appeals, which has acted as a deterrent.

Medical factor, I think, is probably the biggest single increase in losses (increase cost in medical treatment) and that, of course, has come under the scrutiny of the committee. There's recommendations to that.

We had to have what is know as the "Odd Lock Doctrine", which has been very, very expensive, in the State of Oregon. If you are at age 55, you held a particular job and your injury results from the fact you cannot do that particular job, you are totally disabled and you receive total disability, even though you are perfectly capable of going out and doing some other job of a lesser nature. There's no reduction in your benefits. There's a lot of things which are not applicable to the State of Alaska.

Maloney

I had a question. You mentioned that the referee's decision

page 14

questions/answers continued

Maloney continued

is applied directly to the court. Does the board, then, not make any rulings at all?

Fritz

It goes from the referee to the full board (3 man board) and then to the circuit court.

Maloney

What's your experience on the number of cases and percentages that are appealed from referees' decisions to the board?

Fritz

It varies in Oregon. It's a well know fact, that once the claimants' attorneys handle this thing, they can generally improve their position. I'm not taking issue one way or another with the result. As I say, it is an existing factor.

Maloney

How are the referees selected?

Fritz

Civil servants

Swalling

Approximately, how many firms do you have writing Worker's Compensation Insurance in the State?

Fritz

Major companies, probably, 30 major writers, are all writing 5% or more. There is an awful lot of them, probably, 100 companies writing.

Swalling

In the study, did the task force come up with an approximate

Swalling continued

number they thought might be necessary to guarantee the open competition work? Did they come up with a minimum number that would be necessary?

Fritz

No.

O'Keefe

From your experience, you previously had experience, in Alaska, in dealing with insurance companies and trying to attract them to Alaska. Now, you have experience in Oregon, with the similar goal - attractiveness of the State, in terms of, bringing in carriers. Obviously, there's a difference between them. Could you give the committee some idea of what it would be to attract more carriers into Alaska, to say, be more competitive, like you're suggesting?

Fritz

Profitability. I don't see a profitability. There is no other motivating factor to motivate the companies to come in, other than, the profit factor, which give motivation. If they can see that they're going to make a buck, they'll come in.

O'Keefe

I have a problem with that. You're saying that under our, which you say is, perhaps, the cartel approach to Alaska, you're saying that profit is the motive but all of a sudden people are not going to have a cartel approach. They are really going to compete. If the profit was there, the opportunity was there. Why aren't there 700 companies up here competing?

Fritz

We don't have 700 companies in Oregon that are competing.

questions/answers continued

Fritz continued

As I just testified, we probably, only have 20 major writers. I am sure that you have pretty close to that too. I know that Alpac is a writer. I know that Liberty is a writer. Your company and Double One is a writer. Fireman's Fund is a writer. I could go on and I could probably come up with about 20 companies.

O'Keefe

The difference may be just in statistics. I was using your definition of 5% or more as a major writer.

Fritz

I started to calculate that. I said 30 companies at 5% and that doesn't come out. I dropped that down to 20 companies.

O'Keefe

I really appreciated your information from my standpoint. I think, it's been very straightforward and you gave us good comparison of two states and insight in that area.

Fritz

I appreciate the opportunity of having talked to you. I am really sincere when I tell you that. I think your committee, myself, and I'm sure, Ken Moore, are all motivated in the same thing. It has to see to it, that the injured worker gets adequately reimbursed, and at the same time, not penalize the employer anymore that it's absolutely necessary, to generate the dollar. Anytime you squeeze fat out, somewhere, it's gonna be beneficial. That's the only way to accomplish it.

I was interested this morning. We were talking about classification. I talked to, Dwayne, about it a little bit before. We have the same system, you know, appealing to our

questions/answers continued

Fritz continued

OC and R Committee and yours is the Alaska Compensation and to the Commissioner. I had a case recently. We're getting quite a few of those. They are appealing classification not rate. Two pallate makers, for instance, one does all the sawing, cutting, hammering and everything else and he is rated exactly the same as the fellow who gets the material precut, and all he is doing is assembling. Yet, they are paying the same rate and this guy squawked and I upheld him. He deserves a different rate. He doesn't have the same exposure but you do. You are starting to develop too many classifications. You get top-heavy too.

We have mandated farm rate in Oregon. The Legislature arbitrarily fixed the rate from the agriculture classes at \$14.00. It's a screwball program and it's going out of effect. The cattlemen, under the normal "pure premium" development, should be paying \$28.00 rates and the truck farmer should be paying a \$9.00 rate. Yet, the Legislature mandated a \$14.00 rate. It just doesn't make sense.

Carlson

I've got one question. If I understood you correctly, and you really concerned me, you make reference to the number percentages of appeals, from what you called the referee. Brian, you can correct me if I'm wrong. I think, we were just funded for some preliminary hearing officers. This would kind of expedite and avoid so many full hearings before the board. This sounds like we just have a duplication of effort, if we can't point out somewhere along the line where we can avoid some of the pitfalls.

Fritz

Perhaps, I didn't make myself clear, Dwayne. I said that approximately 90% of the cases, that were appealed, resulted

Fritz continued

in a higher award. I didn't say that 90% of all cases were appealed. No, it isn't that high, nowhere near that high.

Carlson

Can I ask a question? Do you feel that's a workable thing, having, as you call them, referees down there? Does that expedite your cases?

Fritz

Very much so. I firmly believe that, that's a better and equitable system for expediting disputed claims.

Rogers

Are there any further questions for Mr. Fritz?

Carlson

I don't have any questions but I personally would appreciate it, somehow or another, if we could sort out Commissioner Fritz's remarks out of our proceedings and get them a little quicker than just the normal details of the two day or one day meeting. As he gave his without paper; so, we don't have copies of it. I would, personally, like to study that in detail.

Rogers

In that case, I would request that staff transcribe Commissioner Fritz's presentation first and get that out to the Commission members as soon as that is completed.

Fritz

May I ask, if you are interested, how many copies of the report? Please bear in mind that you'll have to discard some of the recommendations as not being applicable to the State of Alaska.

page 19

questions/answers continued

Rogers

I think, we would need a copy for each member of the Commission and maybe, one for our files, for a total of 10. If that's a problem, we could easily make copies here in Alaska.

Fritz

We won't have much of a problem of getting a copy of the final report. Appendix B, I don't think would be of much value to you. That relates to Amendments necessary to Oregon Law. To accomplish the purpose, I think, yours would have to be individually drafted.

Rogers

Absolutely. I really would like to thank you for taking the time to come up here and make the presentation.

Fritz

I have sort of a vested interest up here.

Rogers

If there are no questions, we will now return to the earlier presentation by Mr. Edmiston.

SECTION ANALYSIS - AS23.30.155(n)

This proposed amendment would authorize the Board to award a lump sum for all types of compensation whenever it determines that it is in the best interest of the employee and does not cause substantial hardship to the employer.

Currently, the Board may only award lump sums for unscheduled permanent partial disability under AS23.30.190(20). There is no authority to award lump sums on the other disability types or death benefits, except through a compromise and release agreement. This places the employee or beneficiary at a particular disadvantage in that under the terms of an agreement all future compensation for temporary total, temporary partial, permanent partial or permanent total disabilities are waived, and, in many instances, the lump sum is reduced to present value. This severely restricts the options of the employee or beneficiary who may feel it is in the best interests to settle the claim in a lump sum, but may only do so through a compromise and release.

The Board also questions the appropriateness of having the authority to approve lump sum settlements through an agreement process, while unable to do so through the hearing process.

Past Record

	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
ALASCOM, INC.	78	41,499,466	415,161	1.25	177,000	37%
	77	45,498,537	611,034	2.09	134,000	22%
	76	35,087,775	581,400	2.42	127,385	32%
ALASKA AIRLINES	78/79	9,519,000	403,279	4.0	278,819	65.9
	77/78	9,996,000	360,069	3.6	270,844	80.9
	76/77	9,508,000	318,818	3.3	302,575	94.9
AK. INTERNATL INDUSTRIES	75	10,739,933	243,598	2.07	430,236	127%
	74	5,540,387	100,070	1.81	99,064	99%
	73	2,641,479	57,214	1.94	4,654	9%
AK. RURAL ELECTRIC COOP	79	22,013,000	726,060	3.3	218,680	30.1
	78	19,220,000	628,974	3.27	242,693	38.6
	77	17,163,000	489,080	2.85	34,313	7.0
	76	14,471,000	359,542	2.48	76,974	21.4
ALYESKA PIPELINE SERVICE CO.	75	23,738,822	30,475	.46	9,848	32.4
	74	4,399,185	5,291	.36	54,541	925.8
	73	1,374,200	2,826	.21	9,820	3.42
AMFAC CORP.	75/76	16,540,641	2/2		62,858	75
	74/75	21,015,963			76,310	
	73/74	26,131,341			80,112	
	72	61,178			-0-	
	71	57,258			-0-	
	70	53,088			-0-	

	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
AMOLO PROD.	71	1,325,846	28,936	.02	4,608	16%
	70	1,315,242	26,551	.02	211	.8%
	69	1,263,183	25,830	.02	438	1.7%
ANCHORAGE, MUN. OF	74	25,650,000	241,758	.94	227,346	94
	73	21,770,000	164,843	.76	124,290	81
	72	17,250,000	219,665	1.14	158,724	72
ANCH SCHOOL DISTRICT	77/78	61,100,000	653,521	3.0	Pd, 111,715 Rd, 368,294	.83
	76/77	88,522,808	489,889	1.4	Pd, 161,269 Rd, 90,050	.51
	75/76	58,726,168	390,523	1.2	Pd, 151,298 Rd, 95,110	.63
BETHLEHEM STEEL	63	14,533	-	-	-76-	-
	62	-	-	-	-0-	-
	61	9,115	-	-	40-	-
BUMBLE-BEE SEAFOODS	78	758,206	69,647	9.1	7700	11%
	77	685,508	38,773	8.0	8748	23%
	76	604,442	14,840	4.1	3635	25%
	-	-	-	-	-	-

	Yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
	-	-	-	-	-	-
	-	-	-	-	-	-
CONSOLIDATED FREIGHTWAYS	69	396,645	-	-	3193	-
	68	303,472	-	-	892	-
	67	462,183	-	-	741	-
		1,977,1385				
DILLINGHAM CORP.	71	1,977,1385	398,346	10.6	38,124	76%
	70	2,417,188	389,188	6.4	150,038	38%
	69	3,398,016	378,551	10.6	287,942	10%
DUTCH HARBOR SEAFOODS	78/79	800,000	84,160	10.52	10,000	11.9
	77/78	600,849	48,805	8.12	4,358	8.9
	76/77	223,306	-	-	144	-0-
FAIRBANKS, CITY OF	75/76	-	310,000	-	69,131	-
	74/75	-	172,999	-	54,801	-
	73/74	-	132,348	-	100,204	-
FOSS ALASKA LINES	73	-	-	-	250	1
	72	-	-	-	475	3
	71	-	-	-	-	1
	70	-	-	-	-	0

	Yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
FRED MEYER, INC	77/78	1,687,997	25,892	1.65	6,775	.234
	76/77	1,303,728	13,283	1.64	3,440	.258
	75/76	1,010,421	16,404	1.64	7,816	.476
	71	500,000	-	-	-	-
	70	-	-	-	-	-
	69	-	-	-	-	-
	-	-	-	-	-	-
HYDRO CONDUIT CORP.	Est 70	186,000	3,999	2.15	2,000	.5
	69	171,388	3,806	3.8	575	.151
	68	-	-	-	-	-
	72	108,256	400	-	-	-
INTERNAT'L HARVESTER CO.	71	116,840	432	-	-	-
	70	101,206	374	-	-	-
	75	12,456,700	175,000	1.40	88,431	.505
JUNEAU, CITY & BOROUGH OF	74	9,600,420	111,992	1.2	55,996	.50
	73	8,160,000	89,940	1.10	33,900	.378

Company	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
KETCHIKAN PULP CO.	63	6,338,000	169,130	2.67	81,955	48%
	62	9,100,000	303,959	3.34	222,180	73%
	61	5,341,000	177,769	3.33	169,260	95%

Company	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
LITTON SYSTEMS, INC.	79	45,682	-	-	-	-
	78	71,884	-	-	-	-
	77	39,648	-	-	-	-

Company	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
LOOMIS CORP.	70/73	801,844	18,017	2.25	500	.028
	71/72	822,988	11,947	1.45	2,547	.213
	70/71	1,033,066	11,077	1.07	1,066	.096

Company	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
LOUISIANA - PACIFIC	75	752,010	117,842	15.67	15,620	13%
	74	731,686	64,780	8.85	23,470	36%
	73	347,957	26,095	7.50	1,956	7%

Company	yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
MOBILE OIL	68/69	818,721	22,447	-	2,600	11%
	67/68	719,822	16,379	-	249	2%

	yr	Payroll	Prem	Avg Rate	Horses	Loss Ratio
NANA REGIONAL	75/74	4,100,000	336,751	8.21	47,925	7%
	77/75	3,174,618	305,242	9.71	58,619	5.3%
	70/77	5,810,000	238,494	4.10	49,345	4.8%

PAN-ALASKA FISHERIES	78	4,834,563	443,872	9.18	234,054	52.7%
	77	4,103,000	264,582	6.45	135,078	51.1%
	76	3,062,282	168,726	5.51	47,104	28%

PAN & SAVE, CORP.	71/72	1,116,232	6,595	.59	484	7.3
	70/71	777,277	4,235	.54	305	4.8%
	69/70	371,704	1,790	.48	98	5.5%

PHILLIPS PETROLEUM	78	2,202,759	9,595	2.29	2,584	27
	77	1,947,092	16,309	1.20	32	-
	76	1,882,680	28,047	1.47	824	3

SAFEWAY STORES	75	6,481,486	55,740	.86	35,235	63
	74	5,579,515	81,789	1.46	52,989	70
	73	3,844,994	52,677	1.37	31,510	6.0

SEA-LAND SERVICE	76	13,893,208	1,129,863	8.14	346,412	31
	75	12,005,119	815,303	6.79	424,417	52
	74	7,941,384	388,590	4.89	291,242	75

UNION OIL

yr	Payroll	Prem	Avg Rate	Horses	Loss Ratio
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67	1,116,249	10,009	.90	3,557	-
66	749,232	11,617	1.55	246	-
65	635,376	4,835	.76	388	16%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
73	129,749	67,161	-	34,851	52%
72	587,066	35,854	-	46,269	179%
71	450,822	22,617	-	1767	8%

WESTERN
GEOPHYSICAL

VECO, INC.

yr	Payroll	Prem	Avg Rate	Losses	Loss Ratio
79	7,298,025	572,712	7.7	104,420	18.6
78	7,068,030	577,994	8.2	145,561	35.2
77	6,823,745	564,841	8.3	63,934	11.3

**A Proposal to Abolish
Contributory and Comparative
Fault, with Compensatory
Savings by Also Abolishing
the Collateral Source Rule**

By JEFFREY O'CONNELL

**Reprinted from the April, 1980 Issue of
THE INSURANCE LAW JOURNAL
Published and Copyrighted 1980 by
Commerce Clearing House, Inc., Chicago, Illinois 60646
All Rights Reserved**

A Proposal to Abolish Contributory and Comparative Fault, with Compensatory Savings by Also Abolishing the Collateral Source Rule

by JEFFREY O'CONNELL*

Professor O'Connell contends that the contributory negligence and comparative fault doctrines should be abolished due to their ineffectiveness in achieving the goals of the tort system. He further suggests that, by also abolishing the collateral source rule in personal injury cases, compensatory savings would be provided to finance the payments that will be awarded upon abolition of contributory negligence and comparative fault.

IN RECENT YEARS, American tort law has experienced a surprisingly swift trend toward the rule of comparative negligence. While only six states had adopted the rule of comparative negligence

* I am very grateful to Professors Vincent Walkowiak of Southern Methodist University School of Law and Mary Louise Fellows of the University of Illinois College of Law, for reading the manuscript and offering helpful suggestions, and to my research assistants, William Babich and Scott Blakesley, University of Illinois College of Law, Class of 1981.

In addition I want to acknowledge a deep gratitude to the John Simon Guggenheim Foundation. This article was completed during my tenure as a Guggenheim Fellow 1979-1980.

This article is adapted and somewhat expanded from an article under the identical title in 1979 *University of Illinois Law Forum* 591. Much of the additional material is identified by footnotes that carry a letter as well as a number.

© 1980, Jeffrey O'Connell



Jeffrey O'Connell is a professor of law at the University of Virginia. He was coauthor of the principal work which proposed no-fault insurance.

in 1964,¹ it is now the rule in some 31 jurisdictions.² Rejecting the harshness of the traditional rule of contributory negligence, these states have turned to a system of comparative negligence to allow an injured plaintiff to recover damages to the extent he was relatively free from fault in the accident. Unfortunately, although the rule of comparative negligence alleviates some of the hardship resulting to a plaintiff under a traditional tort system, it perpetuates too much of the inefficient administration and inadequate compensation characteristics of that system. For a state

interested in alleviating these problems, the better move would have been to a rule making almost any faulty conduct³ on the part of an injured victim irrelevant for purposes of liability or damages. In other words, neither contributory nor comparative fault of the victim (including assumption of risk, misuse of a product,⁴ and so forth) should be a factor in determining the liability of a defendant whose conduct or product is faulty. By continuing to focus on the conduct of the plaintiff, states that have adopted the rule of comparative fault have prevented their tort systems from achieving

¹ Ark. Stat. Ann. §§ 27-1763 to 27-1765 (1979); Ga. Code Ann. § 94-703 (1978), § 105-603 (1968); Miss. Code Ann. § 11-7-15 (1972); Neb. Rev. Stat. § 25-1151 (Cum. Supp. 1978); S. D. Compiled Laws Ann. § 20-9-2 (1967); Wis. Stat. Ann. § 895.045 (West Cum. Supp. 1979). See generally W. Prosser, *The Law of Torts* 436 (4th ed. 1971).

² Colo. Rev. Stat. Ann. § 13-21-111 (Supp. 1976); Conn. Gen. Stat. Ann. § 52-572h (West Supp. 1978); Hawaii Rev. Stat. § 663-31 (1976); Idaho Code § 6-801 (1979); Kan. Stat. Ann. § 60-258(a) (West Supp. 1978); Me. Rev. Stat. Ann. Tit. 14, § 156 (West Supp. 1978); Mass. Ann. Laws ch. 231, § 85 (Michie/Law, Co-op Cum. Supp. 1978); Minn. Stat. Ann. § 604.01 (West Cum. Supp. 1978); Mont. Rev. Codes Ann. § 58-607.1 (Cum. Supp. 1977); Nev. Rev. Stat. § 41-141 (1976); N. H. Rev. Stat. Ann. § 507:7a (Supp. 1977); N. J. Stat. Ann. §§ 2A:15-5.1 to 2A:15-5.3 (West Supp. 1979); N. Y. Civ. Prac. Law § 1411 (McKinney 1976); N. D. Cent. Code § 9-10-07 (1975); Okla. Stat. Tit. 23, §§ 11.12 (West

Supp. 1978); Ore. Rev. Stat. § 10-470 (1975); R. I. Gen. Laws §§ 9-20-4 to 9-20-4.1 (Supp. 1979); Tex. Rev. Civ. Stat. Ann. Art. 2212a (Vernon Supp. 1978); Utah Code Ann. § 78-27-37 (1977); Vt. Stat. Ann. Tit. 12, § 1036 (1973); Wash. Rev. Code § 4.22.010 (Supp. 1978); Wyo. Stat. § 1-7.2 (1977).

In addition, three states have adopted the rule of comparative negligence by judicial decision. *Koatz v. State*, 540 P2d 1037 (Alas. 1975); *Hoffman v. Jones*, 280 So2d 431 (Fla. 1973); *Li v. Yellow Cab. Co.*, 13 Cal3d 804, 532 P2d 1226, 119 CalRptr 858 (1975). Pennsylvania adopted the rule of comparative negligence in 1977 but repealed the law in 1978. Pa. Stat. Ann. Tit. 17 §§ 2101-2102 (Purdon 1976) (repealed 1978).

See generally V. Schwartz, *Comparative Negligence* 1-3 (1974).

³ For exceptions, see text accompanying footnotes 25-29 below.

⁴ See text accompanying footnotes 27-28 below.

readily attainable effectiveness and efficiency.

The Three Goals of Tort

Tort systems that retain some concept of plaintiff fault to deny full recovery to injured parties fail to achieve the three major goals of a system of accident law.⁵ A central goal of a tort system, according to many legal scholars, including Guido Calabresi, should be deterrence, to influence conduct so as to lessen the number and severity of accidents.⁶ Second, the system must reduce the societal costs of accidents through various means of loss-spreading. And finally, the system must reduce the costs of administering the treatment of accidents by increasing administrative efficiency. By denying negligent plaintiffs full recovery under tort liability, the rules of both comparative and contributory fault fail to serve these three goals.

According to Professor Calabresi, the primary goal of imposing tort losses (whether by transferring or leaving them) is to reduce the number and severity of accidents by deterrence, by making certain activities more expensive and therefore less attractive to the extent of the accident costs produced.⁷ By thus imposing financial loss, the tort system works most effectively when loss is imposed on defendants. Financial considera-

tions loom large for the defendant who, as a practical matter, is always either insured or self-insured. In the case of an institutional defendant, such financial considerations predominate over the fear of personal injury because, by definition, the institution cannot suffer personal injury. The principal harm an institutional defendant can suffer is financial loss, such as that which can be imposed when the defendant's equipment or personnel tortiously inflict injury on others. Although compassionate business or professional people will surely be troubled when such injury occurs, they are nevertheless likely to view personal injury losses in the aggregate, through their financial repercussions. If the number and severity of these injuries can be reduced, the institution will presumably enjoy a commensurate reduction in community ill will, as well as in its tort losses and insurance premiums. Therefore, the issue of who will bear the expense of accidents is very likely to influence the conduct of the institutional injurer (or insurer) in that the threat of financial loss induces the institution to seek a higher degree of care in its (or its insureds') operations to avoid accidents.

By contrast, imposing losses on victims in a system applying contributory or comparative fault can rarely, if ever, have a significant deterrent effect on behavior. For the individual, the desire to avoid injury will almost

⁵G. Calabresi, *The Costs of Accidents: Legal and Economic Analysis* 26-28 (1970). The material in the text accompanying footnotes 5 to 15 is adapted in a different context from J. O'Connell, *Ending Insult to Injury: No-Fault Insurance for Products and Services* 121-24 (1975), also printed in slightly different form in O'Connell, "Elective No-Fault Insurance for Many Kinds of Accidents: A Proposal and an Economic Analysis," 42 *Tennessee Law Review* 145, 153-61 (1974).

⁶According to Professor Calabresi, a prime justification for any system of im-

posing tort liability must be to reduce accidents in number and severity:

"Why is compensation for illness, even in highly welfaristic countries, much less complete than compensation for accident victims? . . . The answer is, of course, that accidents, unlike most diseases, can easily be reduced in number and severity, and that such . . . cost reduction can—indeed must—be an important aim of whatever system of law governs the field." G. Calabresi, cited above at footnote 5, at 43-44.

⁷*Id.*, at 26.

invariably be much stronger than the desire to avoid financial loss. The degree of care an individual exercises in his behavior will be dictated by his concern over his personal safety, not by his concern over possible financial loss.⁸ As a practical matter, then, individuals driving cars or using power tools—or deciding to do such things—will rarely be significantly influenced by fear of the effect of their conduct on insurance payments, even in the unlikely event that they comprehend the laws of contributory negligence and assumption of risk.⁹

Note too that the negligent claimant will still recover from other insurance sources, such as accident and health insurance, sick leave, and fire

insurance; his survivors will also still recover from his life insurance. Thus, the deterrent effect of the denial of payment from liability insurance is further lessened, even if potential accident victims do understand the legal effect of contributory negligence. As a result, imposing loss on the victim of an accident because he was at fault will virtually never contribute to reducing accidents and accident costs by making potential victims more careful.¹⁰ Moreover, when we focus on the plaintiff's fault we spread the loss only for those accidents in which there is no contributory negligence, thus "externalizing" the costs¹¹ of defendants for all those accidents in which the plaintiff is also at fault.

⁸Note that property loss poses a different issue. Most people will be influenced in their treatment of property by fears concerning the expense of repairing or replacing it. This financial concern is very diminished when personal safety is a consideration, however, because the desire to avoid bodily pain and physical injury is paramount for the individual. Fears of financial loss predominantly influence risky behavior only when physical well-being is not endangered.

⁹Between 40 per cent and 50 per cent of the public apparently does not understand that contributory negligence inhibits recovery in tort claims. J. O'Connell & W. Wilson, *Car Insurance and Consumer Desires* 12-13 (1969); U. S. Department of Transportation *Public Attitudes Toward Auto Insurance* 71 (1970).

¹⁰Fleming James and Fowler Harper of the Yale Law School have expressed it this way:

"[T]here are very practical considerations which mean that [deterrent] pressures . . . are more effectively brought to bear against defendants as a class than plaintiffs as a class. In the first place plaintiff himself . . . is a jeopardized participant in every accident that injures him . . . so that he is always subject to the strongest motive to escape personal injury . . . quite apart from any thought about civil liability. If the prospect of losing life or limb does not make a plaintiff careful, little further inducement to care will be added by speculations as to the outcome of a lawsuit. . . . [T]oday those who bear the burden of ac-

cident liability are increasingly absentee defendants—corporate and other employers or insurance companies, whose lives and limbs are not at stake in the accident. And [even] if their property sometimes is at stake, in many situations there is not even much danger to that: grade crossing accidents, motor vehicle-pedestrian collisions, and cases involving dangerous condition of premises afford examples of a pretty one-sided kind of risk. Defendants, then, will often lack a powerful incentive to carefulness—self-preservation—that is virtually always present with plaintiffs. It follows that the secondary incentive furnished by concern about legal liability is more important for defendants as a class." 2 F. Harper & F. James, *The Law of Torts* § 22.2, at 1204-05 (1956).

For more on the relative unimportance of tort law as a deterrent to contributory negligence, plus an attempt to refute the contrary theories of Professor Richard Posner, see J. O'Connell, cited above at footnote 5, at 195-203 and 161-169, respectively. G. Calabresi, cited above at footnote 5, at 26, 27.

¹¹Calabresi, "Views and Overviews," in *Crisis in Car Insurance* 240, 250 (R. Keeton, J. O'Connell & J. McCord eds. 1968), originally printed in 1967 *University of Illinois Law Forum* 600, 610. Costs of accidents that are properly reflected in an enterprise's costs are, in the economist's argot, "internalized"; such costs that are not thus reflected are "externalized." See text accompanying footnote 15 below.

The result is that when the plaintiff is contributorily negligent, he bears his own losses and the faulty defendant escapes without tort liability.

Imposing tort loss on injured victims is equally ineffective as a means of achieving the other major goals of the ideal tort loss system. One of these goals is to reduce the societal costs resulting from accidents, primarily through various means of loss-spreading so that, for example, an injured breadwinner and his family will not be left without resources.¹² The other goal is to reduce the costs of administering our treatment of accidents through greater administrative efficiency, with fewer payments to lawyers, adjusters, and other third parties in the system.¹³ Not only does focusing on a victim's negligent conduct have little if any effect on the primary goal of deterrence; in addition, it frustrates both of these secondary goals. Neither compensation nor efficiency is served by a rule denying negligent plaintiffs recovery under tort liability. To the extent we focus on the fault of the plaintiff, we defeat

the goal of spreading his loss. As a result, the injured victim may receive no rehabilitation, subsistence, or maintenance, which will, in turn, create further societal costs. Finally, the goal of an efficient system of claims administration is also frustrated by dissecting the plaintiff's conduct to find out whether he has been at fault. Focusing on the plaintiff's conduct to determine his right to recover is a very expensive and inefficient aspect of current accident law which, unlike focusing on the defendant's conduct, serves little social purpose.

Once the law has found the means to reduce the costs of accidents through payment by a source, whether that source is a negligent defendant under the fault system, a manufacturer of a defective product under strict liability, or an employer under workers' compensation, the only reason to deny recovery to an injured individual must be that *not* paying will also reduce the costs of accidents. Under the rule of contributory fault, however, denial of recovery seems to increase those

¹² Winston Churchill, as the young Home Secretary aiding Lloyd George and others in initiating the major social insurance programs of the Liberal Government in the early 1900's made a similar point: "Insurance brought the miracle of averages to the rescue of . . . [the mass of mankind]." 2 R. Churchill, *Winston S. Churchill: Young Statesman 1901-1914*, at 294 (1967). On the matter of punishing individuals for carelessness by denying them insurance payments, Churchill observed, "I do not like mixing up moralities and mathematics." A good reason for not doing so, he asserted, is that "there is no proportion between personal failings and the penalties exacted." In addition, he found no "reason to suppose that a mitigation of the extreme severities [visited upon the accident victim] will tend in any way to a diminution of personal responsibility, but . . . on the contrary more will be gained by an increase of ability [of the victim] to fight

than will be lost through an abatement of the extreme consequences of defeat." Gilbert, "Winston Churchill v. the Webbs: The Origins of British Unemployment Insurance," 71 *American Historical Review* 856 (1966), quoting "Notes on Malingering, A Document from Churchill to Llewellyn Smith" (June 6, 1909) (William H. Beveridge Papers, London School of Economics). Although I have adapted Churchill's quotations to apply to accidents rather than to unemployment, it seems not to distort his message.

For a defense under economic theory of spreading loss through insurance, as well as social insurance, based on the "law of diminishing marginal utility," see P. Samuelson, *Economics*, 422-26 (9th ed., 1973). But see R. Posner, *Economic Analysis of Law* 344-46 (2d ed. 1977).

¹³ G. Calabresi, cited above at footnote 5, at 28.

costs.²⁴ Barring the injured victim from recovery because of his fault not only fails to reduce the number and severity of accidents through deterrence by adding little, if anything, to his motive to avoid injury, but, as we have seen, it actually increases accidents by not requiring defendants to reflect the costs of these accidents in the price of their products and services.²⁵ Such "externalizing" results in an increase in dangerous activities. At the same time, denying recovery to the injured victim who is at fault also subverts the other goals of compensation for accident victims and efficient claims administration.

Abolition of Contributory Negligence

Due to its ineffectiveness in achieving the goals of the tort system, the rule barring the faulty victim of personal injury from recovery should be abolished under present tort liability. Quite apart from the desirability of any other reform in tort law, such as, for example, a system of no-fault insurance,²⁶ the rule of contributory negligence should be abandoned forthwith in cases of personal injury. Nor should the cumbersome aspects of contributory fault be perpetuated through adoption of a system of comparative

negligence, because it too undermines all the goals of a tort system, although perhaps to a lesser extent. Under comparative negligence, the victim must still bear many of his own losses with arguably an even more cumbersome criterion of liability, requiring calibration of each party's comparative negligence. Like contributory negligence, comparative negligence adds no significant deterrence to the potential victim's instinct for self-preservation, and yet "externalizes" accidents caused by defendant fault. Therefore, the negative aspects of any rule focusing on plaintiffs' fault heavily outweigh the benefit of somewhat increased compensation to faulty plaintiffs under the rule of comparative negligence. Abandoning any rule of plaintiff fault is especially valid for serious injuries because there the discrepancy between the lapse and its consequence is so disproportionate that any achievement of "justice" by the application of such a rule is illusory. In short, where both plaintiff and defendant are negligent, rather than adhere to the traditional common law system placing the entire burden on the plaintiff, the better rule would be to place all the burden on the defendant.

This rule would seem to produce an unfair result in the case of an

²⁴It may well be, though, that to the extent reparation is paid for pain and suffering and to duplicate collateral sources, a rule of contributory fault may serve to reduce accident costs by cutting down on nuisance claims. As to a change in the collateral source rule, see text accompanying footnotes 30-45 below. See also especially footnote 31 below.

²⁵Fault uses the market in an expensive and unstable way to reduce fault-caused accidents, while from the standpoint of market deterrence [which operates by placing the costs of accidents on the activities which cause them], we want to use the market in an efficient and stable way to

reduce accident costs, whether they are fault-caused or not." Calabresi, "Views and Overviews," in *Crisis in Car Insurance* 240, 250 (R. Keeton, J. O'Connell & J. McCord eds. 1968), originally printed in 1967 *University of Illinois Law Forum* 600, 610.

²⁶Some of Calabresi's goal is met by the proposal in this article in that at least all accidents caused by defendant fault are internalized. See footnote 15 above. As to the difficulties of meeting the rest of his goal, namely, compensating regardless of defendant fault, see J. O'Connell, *Ending Injust to Injury*, cited above at footnote 5, at 70-95.

auto accident between two negligent individuals, *A* and *B*, where only *B* is injured, because *B*'s negligence will be discounted while *A*'s negligence will impose full liability on *A* for *B*'s injuries. In reality, though, there will be no unfairness because, as a practical matter, *B* will claim against *A* only when *A* is insured. Tort claims simply are not pursued against parties who are not either insured or self-insured institutions.¹⁷ Thus, any tort claim for personal injury is in reality normally a claim against a better risk bearer by a poorer one—a claim against an insured institution by a relatively impecunious, and, by definition, injured individual.¹⁸

Note that under this proposal when *A* and *B* are both negligent and each suffers personal injury, each party's insurer would be liable for all the other's damages with no diminution for the negligence of the other's policyholder. This denial of any set-off is consistent with the insurance function of spreading loss. No individual whose injury is caused, in whole or in part, by a negligent party should be forced to bear his own losses.¹⁹ Under the present tort systems using the rules of contributory or comparative fault,

the negligent defendant is able to spread his liability losses through his liability insurance, while the negligent plaintiff himself must bear his own losses. Under a pure comparative negligence scheme where offset is imposed, each claimant must even bear some or all of his liability losses as an offset against his own personal injury losses, instead of being able to spread these liability losses. A system that forces insurers to spread tort losses is far preferable to one in which individual accident victims with valid claims against negligent tortfeasors are forced to bear their own losses.

A precedent for ignoring a claimant's faulty conduct in his personal injury claim can be traced to the employers' liability acts passed as a precursor to workers' compensation acts. Under the terms of these statutes, the common law defenses of contributory negligence, assumption of risk, and fellow servant doctrine were abrogated, while the requirement of proof of negligence against an employer was retained.²⁰ Although those statutes were largely superseded by no-fault workers' compensation acts, the extension of no-fault

¹⁷ See James & Law, "Compensation for Auto Accident Victims: A Story of Too Little and Too Late," 26 *Connecticut Bar Journal* 70, 78-79 (1952). In addition, to provide that only claimants against insured defendants would benefit by the abolition of contributory fault would entail (1) the difficult job of defining "insured" so as to include "self-insured"—by no means an easy task in this context, and (2) incentives for potential defendants to be uninsured.

¹⁸ The only exception is when *B*'s losses are already covered by collateral sources, such as sick leave or health insurance. To that extent, since loss insurance is more efficient than liability insurance, *B* is arguably a better risk bearer than *A*. This point suggests the means to finance the additional benefits payable under tort law with

the abolition of contributory and comparative negligence: as a corollary to the abolition of the contributory fault defenses, the collateral source rule should be abolished. See text accompanying footnotes 30-45 below.

¹⁹ See *Stuyvesant Insurance Co. v. Bourmazian*, 342 So2d 471 (Fla. 1977), in which the Florida Supreme Court applied Florida's pure comparative negligence rule to permit each individual party to set-off the damage owed to it from damages it owed while denying that right to each party's insurance carrier. Walkowiak, "Innocent Injury and Loss Distribution: The Florida Pure Comparative Negligence System," 5 *Florida State University Law Review* 66, 78-93 (1977).

²⁰ W. Prosser, cited above at footnote 1, § 80, at 534-37 (1971).

laws to all other types of accidental personal injuries does not seem feasible in the United States at present nor in the foreseeable future.²¹ Thus, the improvement embodied in those provisions of the employers' liability acts which eliminated defenses based on the actions of the injured party should be expanded and made applicable to all injuries under today's law. In short, contributory fault should not constitute a valid defense in personal injury actions.

Two Draft Bills

Because I have found that the inclusion of a draft bill greatly clarifies

a proposal for legal reform, I include one here. Indeed, a "requirement" that legal scholars proposing legislative reform include a draft bill would hone many such proposals and probably, as a further blessing, abort even more. In addition, based on my experience with no-fault auto insurance reform, inclusion of this draft bill will enhance the probability that a legislature will consider the proposed reform.²² The framing of my proposal in the context of a proposed statute is not intended, however, to preclude the possibility that the reform could be effectuated by judicial decision.²³

AN ACT TO ABOLISH CONTRIBUTORY FAULT

1 *Section 1.* Except as otherwise provided in this Act, any person,
2 or one whose conduct, except for this statute, would be attributed to
3 such person, having a cause of action for personal injury arising out
4 of any breach of duty,²⁴ shall not have that cause of action, nor
5 damages therefrom, defeated nor diminished by reason of contributory
6 negligence, comparative negligence, assumption of risk, failure to observe or
7 follow warnings or directions, use of goods or services in a manner unfore-
8 seen by a provider of such goods or services, or by other such reasons of
9 fault of such person or one whose conduct, except for this statute, would
10 be attributed to such person.

11 *Section 2.* This act does not apply to the injury of any person
12 intentionally causing or attempting to cause injury to himself or to
13 another person for injury arising from his acts. A person intentionally
14 causes or attempts to cause injury if he acts or fails to act for the
15 purpose of causing injury or with knowledge that injury is substan-
16 tially certain to follow. A person does not intentionally cause or
17 attempt to cause injury (1) merely because his act or failure to act is
18 intentional or done with his realization that it creates a grave risk of
19 causing injury or (2) if the act or omission causing the injury is for the
20 purpose of averting bodily harm to himself or another person.²⁵

²¹ J. O'Connell, *Ending Insult to Injury*, cited above at footnote 5, at 70-80 (1975). But note this is precisely what has been done in New Zealand. *Id.*, at 73.

²² On the desirability—indeed perhaps necessity—of reformers providing a legislature with draft legislation, see J. Davies, *Legislative Law and Process* 90-93 (1975).

²³ For a brief discussion of this possibility, see text accompanying footnotes 47-49 below.

²⁴ [Footnotes 24-29 are not part of the draft bill.] Note that this phraseology in-

cludes actions for breach of warranty leading to personal injury, as well as "tort" actions.

²⁵ This section is adapted from O'Connell, "An Elective No-Fault Liability Statute," 628 *INSURANCE LAW JOURNAL* 621 (May 1975), at 283, which in turn was adapted from the Uniform Motor Vehicle Accident Reparations Act [hereinafter cited as UMVARA] § 22, at 51-52 (including commentary).

21 **Section 3.** This act does not apply to any damages accruing to any
22 person who unreasonably refuses, either himself or through one legally
23 empowered to act on his behalf, to accept medical care, rehabilitation,
24 rehabilitative occupational training, or other medical treatment and
25 care if the procedure, treatment or training is reasonable and appro-
26 priate for the particular case and its cost is reasonable in relation to its
27 probable beneficial effects. In determining whether an injured person
28 has reasonable grounds for refusing to undertake the procedure, treat-
29 ment, or training, the court shall consider all relevant factors, including
30 the risk to the injured person, the extent of the probable benefit, the
31 place where the procedure, treatment, or training is offered, the extent
32 to which the procedure, treatment, or training is recognized as standard
33 and customary, and whether the imposition of sanctions because of the
34 person's refusal would abridge his right to the free exercise of his
35 religion.²⁶

36 **Section 4.** In any action for personal injury based upon strict
37 liability or breach of warranty, evidence of the failure of the claimant,
38 or one on whose behalf he is claiming, to (a) follow warnings or direc-
39 tions, or (b) use the product or service in a manner not reasonably
40 foreseeable to the provider of the service or product, may be relevant
41 to the specific issue of whether the product or service was defective.²⁷

²⁶ O'Connell, cited above at footnote 25 at 289; UMVARA, cited above at footnote 25, § 34 at 66-68 (including commentary).

²⁷ "A problem arises [in products liability terminology] with the word 'misuse,' which has been applied by some courts to the contributory conduct of a plaintiff who uses a product for a purpose other than the one its manufacturer contemplated. This usage is not a happy one, because 'misuse' carries connotations of contributory fault, thus raising the question whether such conduct should be an effective defense in an action based on strict liability. Although some courts hold that contributory negligence is such a defense, others have found it appropriate only in suits based on negligence, which may be a sound application of one narrow rule. Unfortunately, the word 'misuse,' with its flavor of culpability, suggests that its relevance is limited, under conventional doctrine, to cases in which the defendant's culpability is the central issue. Although in many courts the plaintiff's conduct would not support an effective defense of contributory negligence in an action based on strict liability, it should nevertheless defeat recovery, whether or not contributory negligence is an affirmative defense in such a suit, because the failure of a product to perform when put to an unanticipated use gives no support to the necessary allegations that the product was legally defective. Similarly, in a suit based on negligence in which the plaintiff's unanticipated use was reasonable under

the circumstances, the defendant should nevertheless benefit from the fact that, although the plaintiff is not barred by contributory negligence, he has lost his chance to rely on *res ipsa loquitur* or faulty design, if he cannot otherwise establish that the product was legally defective. 'Misuse,' if used at all, should be confined to cases where an unanticipated use involves culpability and the plaintiff's culpability is relevant. Otherwise, what fails to constitute contributory fault may be overlooked as a means of combating the plaintiff's allegation of defectiveness. 'Unanticipated use' or 'uncontemplated use' would seem to be less risky." Dickerson, "Products Liability and the Disorderly Conduct of Words," 20 *ATLA Law Reporter* 422, 423 (Nov. 1977).

Note that the statutory formulation in the text concerning products liability does not purport to try to solve the huge difficulties under current law of defining the defendant's duty to the plaintiff. For descriptions of those difficulties, see Keeton, "Product Liability and the Meaning of Defect," 5 *St. Mary's Law Journal* 30 (1973); Fischer, "Products Liability—Functionally Imposed Strict Liability," 32 *Oklahoma Law Review* 93 (1979). But however or whether those difficulties are resolved (and they may not be as long as the requirement of proof of defect is retained; J. O'Connell, cited above at footnote 5, at 12-19, 56-57), the alternative proposed above seems much more readily accomplishable (witness the
(Continued on the following page.)

42 or whether the condition or service breached a warranty.²⁰

43 Section 5. In any action for personal injuries based upon negli-
44 gence, evidence of the failure of the claimant to exercise reasonable
45 care for his own safety may be relevant to the specific issue of whether
46 the defendant failed to exercise reasonable care.²¹

Admittedly, legislation of this type would increase the costs of a tort system already overly expensive in the eyes of many. To finance the new payments that will be awarded upon abolition of the traditional defenses of contributory fault, a state could real-

ize compensatory savings in its tort system by abolishing the so-called collateral source rule in personal injury cases.²² Under the collateral source rule, a tort defendant pays again for loss already recovered by the plaintiff from collateral sources such

(Footnote 27 continued.)

precedent of employers' liability acts discussed at text accompanying footnote 20 above), thus leading relatively quickly to salutary results for all the reasons stated herein.

Thus, while § 1 of the proposed statute would abolish certain defenses to the strict liability cause of action, this section preserves the right of the defendant to introduce evidence of use of the product which was not foreseeable and therefore to contest the plaintiff's allegation that the product was defective. See, for example, *Helene Curtis Industries, Inc. v. Pruitt*, CCH PRODUCTS LIABILITY REPORTS ¶ 5851, 385 F2d 841 (CA-5 1967).

It must be admitted, then, that even after the abolition of contributory fault, problems concerning it will remain. W. Prosser, cited above at footnote 1, §§ 65-66 (4th ed. 1971); Bohlen. "Contributory Negligence," 21 *Harvard Law Review* 233 (1908). See also footnotes 28-29 below and accompanying text. Despite these problems, abolishing the defenses of contributory fault will clearly mean recovery in many cases where recovery is not now allowed. As Prosser put it, "[c]ontributory negligence is not the same thing as [for example] abnormal use; and although the two frequently coincide, one may exist without the other." W. Prosser, cited above at footnote 1, § 102, at 670. Secondly, that the abolition of the defenses of contributory fault can be efficacious is illustrated by the abolition of contributory fault (along with the defense of a fellow servant's negligence) under employer's liability acts. Footnote 20 above. "Such legislation," says Prosser, "has done a great deal to palliate the rigors of the common law . . ." *Id.*, § 80, at 534.

²⁰ Section 1 abolishes certain defenses available to the provider of a service or

product who has breached a warranty, including the comparison-of-cause defense. See generally comment 5 to Uniform Commercial Code § 2-715(2)(a); *Signal Oil and Gas Co. v. Universal Oil Products*, CCH PRODUCTS LIABILITY REPORTS ¶ 8299, 572 SW2d 320 (Tex. 1978). Evidence of the use to which the product was put would, however, be admissible for the purpose of determining whether the product or service breached the warranty in the use to which it was put. See, for example, *Murphy v. Eaton, Yale & Towne, Inc.*, CCH PRODUCTS LIABILITY REPORTS ¶ 6566, 444 F2d 317, 322-323 (CA-6 1971); *Brickman-Joy Corp. v. National Annealing Box Co.*, 459 F2d 133 (CA-2 1972). See also, the final paragraph of footnote 27 above.

²¹ While § 1 eliminates certain defenses available to the defendant who is alleged to have been negligent, the author recognizes that the defendant's standard of care may be measured by what the reasonable defendant would have foreseen, and that the reasonable defendant need not in all cases foresee the negligence of the claimant. See, for example, *Lorenzo v. Wirth*, 170 Mass. 596, 49 NE 1010 (1898). See also, the final paragraph of footnote 27 above.

²² The abolition of the collateral source rule will have no direct effect on statutes which mandate minimum amounts of liability insurance coverage, for example, automobile insurance. (See the Illinois Safety Responsibility Law, Ill. Rev. Stat. Ch. 95½, § 7-317 (1977), as amended by P. A. 81-1202, § 2, requiring \$30,000 of such coverage.) The minimum coverage amount will still be required and will be applied to the liability of the policyholder after the amount of the victim's collateral sources has been subtracted.

as sick leave or Blue Cross.³⁰ Abolishing the collateral source rule makes especially good sense because, to the extent the victim has received compensation for his loss, his injurer is not a better risk bearer. On the contrary, given the added expense of re-shifting the loss to a third-party tortfeasor, the insured victim is the better risk bearer to the extent of his own insurance coverage.

By funding the added costs incurred upon abolition of the defense of the victim's contributory fault with the

savings realized through the concomitant abolition of the collateral source rule, a state will immediately free funds for more payment to reimburse more tort victims for actual, serious losses.³¹ Contrast this with tort law's traditional duplication of payments often made to compensate for smaller losses already covered by collateral sources.

The new rule advocating the deduction of collateral sources should apply to all insurance-like sources, public and private,³² and, in death cases,

³⁰ A limited approach to the collateral source rule was attempted by the Florida Insurance and Tort Reform Act, creating Fla. Stat. § 627.7372 (1977), which permits the admission into evidence of all collateral sources and the amounts which the claimant paid for those sources. See Walkowiak, "Implied Indemnity: A Policy Analysis of the Total Loss Shifting Remedy in a Partial Loss Shifting Jurisdiction," 30 *University of Florida Law Review* 501, 538 n.138 (1978).

A bill to abolish the collateral source rule, entitled the Tort Reform Act of 1979 [1980], is currently before the California Assembly (Assembly Bill 550).

³¹ Perhaps, as suggested at footnote 14 above, because compensation is still paid for pain and suffering, abolishing only the rule of contributory fault may result in more nuisance claims. See J. O'Connell, *The Injury Industry* 29-35, 117 (1971). Although that is only speculative, a solution might be to include a tort exemption from pain and suffering below, say, \$1000. For a draft language of a tort exemption, albeit in a greater amount and under a no-fault statute, see R. Keeton and J. O'Connell, *Basic Protection for the Traffic Victim* § 4.2 (a)(2) (1965). An alternative or additional solution might be to abolish all payment for pain and suffering in return for a requirement that tort liability insurers pay tort victims for the latter's attorneys' fees in addition to whatever is paid in damages. *Id.*, at 321-22, 437-39. Such a trade-off reform makes sense, given the degree to which attorneys' fees in personal injury cases are now taken out of payment for pain and suffering. J. O'Connell & R. Simon, *Payment for Pain and Suffering* 51 (1972); reprinted in 1972 *University of Illinois Law Forum* 1, 51; H. L. Ross, *Settled Out of Court* 108 (1970); Jaffe, "Damages for Per-

sonal Injury: The Impact of Insurance," 18 *Law & Contemporary Problems*, 219, 234-35; Morris, "Liability for Pain and Suffering," 59 *Columbia Law Review* 476, 477 (1959). This trade-off proposal, like the main one in this article, might be effectuated by either statute or common law decision. See text accompanying footnotes 47-49 below. I plan to spell out this proposal—coupled with draft statutory provisions—in a subsequent article.

³² See text accompanying footnotes 38-40 below.

Perhaps an exception should be made for insurers who have provided first-party elective no-fault insurance to their insureds, whereby insureds are guaranteed out-of-pocket losses from accidents in return for assignment of their entire third-party liability claims to the first-party no-fault insurer. For such a proposal, see J. O'Connell, *The Lawsuit Lottery* 186-227 (1979); O'Connell, "Harnessing the Liability Lottery: Elective First-Party No-Fault Insurance Financed by Third-Party Tort Claims," 1978 *Washington University Law Quarterly* 693. Note that the abolition of the defenses of contributory and comparative negligence would be an additional incentive for first-party insurers to offer such coverage. Eliminating the collateral source rule would also make the first-party insurer's pursuit of third-party claims neater by eliminating other subrogees. *Id.*, at 700 n. 31. However, the abolition of the contributory fault defenses would not increase the possibility of accident victims being paid from liability insurance to the point where the purchase of first-party no-fault insurance and the assignment of liability claims would be discouraged. The considerable burden of proving fault in the defendant's conduct or product will remain.

arguably even to public and private pensions and term life insurance. So long as life insurance, for instance, exceeds any savings or investment factor, as it does in the case of term insurance, there seems little reason to distinguish it from accident and health or liability insurance.³³ The law, however, has long made this

distinction.³⁴ Similarly, the portion of pension payments exceeding the payee's vested amount would be deducted as a collateral source under this proposal.

Once again, for purposes of clarity and to further the chances of reform, a draft bill is provided.

A BILL TO ABOLISH THE COLLATERAL SOURCE RULE

1 Calculation of Net Loss. (a) Except as otherwise provided in
2 this Act, all benefits and advantages received or entitled to be received
3 by one or one's dependents³⁵ as reimbursement of loss because of
4 personal injury (including bodily harm, sickness, disease, or death),
5 payable or required to be provided under (i) the laws of any state
6 or the federal government, including but not limited to social security,
7 workers' compensation or no-fault auto insurance, or (ii) any health
8 or accident insurance, wage or salary continuation plan, or disability
9 income insurance, also including, but not limited to, benefits payable
10 without regard to fault under an automobile insurance policy, are
11 subtracted in calculating loss under liability for any breach of an
12 obligation or duty causing personal injury.³⁶ Said subtraction shall
13 annul any right of recoupment through subrogation, trust agreement,
14 lien or otherwise, in any other person, including any legal entity,
15 whether corporate, governmental or otherwise. But to the extent that
16 any such right of recoupment shall survive this statute by court

³³ Conard, "The Economic Treatment of Automobile Injuries," 63 *University of Michigan Law Review* 279, 313-14 (1964); F. Harper & F. James, cited above at footnote 10, § 25.22, at 1350-52. See also text accompanying footnote 37 below.

³⁴ R. Keeton, *Basic Text on Insurance Law* § 3.10(a), at 149 (1971); Procaccia, "The Effect and Validity of Subrogation Clauses in Insurance Policies," 609 *Insurance Law Journal* 573, 579 (October 1973).

³⁵ [Footnotes 35-37 are not part of the draft bill.] This provision is written this way in order to guarantee that all compensation received from collateral sources as a result of the accident is included in determining the amount due from the tortfeasor. If X was earning \$1,500 a month prior to his injury in an accident and receives \$400 to replace his wage loss, with his dependents receiving an additional \$600 in benefits, the court should subtract \$1,000, rather than only \$400 from the liability of \$1,500, leaving only \$500 due then from the tortfeasor.

³⁶ This language includes intentional torts. Thus, even the intentional tortfeasor will be able to deduct collateral sources from his liability. This might be thought to go too far. But, as a practical matter, unless one

is to get lost in the swamps separating negligence from gross negligence and "willful" conduct from intentional conduct, one will have to define intentional conduct such as to include only the most blatant intent to injure. See footnote 25, above, and accompanying text. Insurance will seldom cover such conduct, so the question of liability is often academic. In those few instances where it is not academic, payment from the intentional tortfeasor which duplicates payment already made by the collateral source to the victim would clearly violate the principle of indemnity by paying the victim more than his loss. Payment by the tortfeasor to the collateral source might be justified, but any sense of assuaging moral outrage against the intentional tortfeasor seems undercut to the extent he is asked to reimburse not his victim, but his victim's insurer. Thus, for the sake of convenience, intentional torts are not treated differently. Obviously, however, one disagreeing with this decision could alter the statute to allow an insurer a right of subrogation where intentional conduct of the type defined at footnote 25, above, and accompanying text, is involved.

17 decision, no subtraction shall be made.³⁶ Nor shall any contract or
18 other arrangement to provide benefits or services as defined above
19 declare itself excess to liability for any breach of an obligation or duty
20 causing personal injury. But, unless otherwise agreed to by the
21 claimant, a claim for loss under liability for any breach of an obliga-
22 tion or duty causing personal injury shall be paid without deduction
23 for the benefits which are to be subtracted pursuant to the above
24 provisions on calculation of net loss if these benefits have not been
25 paid to the claimant before the liability for any breach of an obliga-
26 tion or duty causing personal injury is determined by adjudication or
27 settlement. The party liable for any such breach of an obligation or
28 duty is then entitled to reimbursement from the party obligated to
29 make the payments which otherwise would have been subtracted in
30 calculating loss under liability for the breach of an obligation or duty
31 causing personal injury.^{36a}

32 (b) In calculation of such net loss, no subtraction is made for
33 amounts one receives or is entitled to receive by reason of another's
34 death, except that there shall be subtracted from loss in calculating
35 net loss amounts thus received [(i)] from social security or workers'
36 compensation, [(ii)] as a death benefit or deferred compensation
37 under any other public or private pension or retirement plan, includ-
38 ing a plan for self-employed individuals, to the extent such benefits
39 exceed amounts the decedent would have been entitled to receive
40 under such plan had he terminated employment, or, in the case of a
41 plan for the self-employed, had he terminated the plan at the date of
42 death for reasons other than death, [(iii)] from other death benefits
43 or life insurance to the extent such amounts exceed any cash value
44 or other investment or savings feature as of the amount immediately
45 preceding death].³⁷

Note that only the proceeds of insurance or quasi-insurance plans, whether public or private, are to be deducted from the recovery under a tort claim. As a result, the amount recoverable in tort by an accident victim who receives gratuitous aid from, say, a relative or friend will not be

reduced by the amount of his aider's largesse. Because such acts of individual generosity are sufficiently rare and usually for relatively small amounts, the exclusion of these funds from the deductibility requirement will have no appreciable effect on the cost of liability insurance.³⁸

³⁶ Given the relatively unfettered right of the sovereign—including, but not limited to, courts—to alter the terms of insurance contracts. R. Keeton, *Basic Text on Insurance Law* §§ 2.10, 6.8, 7.2 (1971), the right of the legislature to alter such contracts thusly would seem to exist. But see *Allied Structural Steel Co. v. Spanaus*, 438 U. S. 234 (1978).

^{36a} The provisions in the last two sentences are adapted from UMVARA, cited above at footnote 25, § 23, at 52-54 (including commentary). See also O'Connell, cited above

Section 1.10 *Net Loss*.

1 Net loss is loss less subtractable benefits received from sources
2 other than [no-fault] . . . insurance.

1 (a) *Subtractable benefits*. Except as otherwise provided in this
2 section, all benefits and advantages one receives or is entitled to

at footnote 25, 628 *INSURANCE LAW JOURNAL* 261, 283.

³⁷ O'Connell, cited above at footnote 25, at 278. Note that subsections (ii) and (iii) are in brackets, which indicates a relatively controversial provision that a legislature may wish to excise.

³⁸ An earlier provision on collateral sources drafted by Robert Keeton and myself under our original no-fault auto insurance bill was considerably broader than the above draft:

(Continued on the following page.)

In addition to the question of whether the victim can recover from a tortfeasor the amount he already has been paid by someone else, there is also the question of whether that

someone else can recoup from the tortfeasor the amount paid to the victim, normally through subrogation. In other words, if either the victim or his nontort payor can recover from

(Footnote 3A continued.)

3 receive, because of the injury, from sources other than [no-fault] . . .
4 insurance are subtracted from loss in calculating net loss.

1 (b) *Nonsubtractable benefits.* In calculation of net loss, no
2 subtraction is made for amounts one receives or is entitled to
3 receive (i) in discharge of familial obligations of support or
4 (ii) by way of succession at death or (iii) as proceeds of life,
5 insurance or (iv) as gratuities. In no event shall any payment
6 made by an employer to his employee be regarded as a gratuity.

R. Keeton & J. O'Connell, *Basic Protection for the Traffic Victim* 306 (1965). See also O'Connell, "An Elective No-Fault Liability Statute," 628 *INSURANCE LAW JOURNAL* 261 (May 1975), at 278, for a similar but slightly changed collateral source provision drafted by me for a no-fault statute applicable to more than just auto accidents.

Note that the above no-fault provision on collateral sources is much broader than the present proposal in subtracting all benefits and advantages, but the provision makes exceptions for aid given dependents and gifts given to non-employees. Under this Keeton-O'Connell No-Fault Provision, family members other than those obligated to render aid, as well as friends and employers, were discouraged from loaning or giving money to an accident victim because to that extent no payment was due from the no-fault insurer. (However, anyone thus rendering aid, including even a no-fault insurer, could expect to be reimbursed out of any successful liability claim.) Under the draft in the text, the receipt of financial assistance from anyone other than an insurance-like entity does not bar the donor or the donee from recouping that aid from the party found liable for the accident. Compared to the no-fault provision, the provision in the text has a narrower definition of benefits to be subtracted and therefore has need for fewer exceptions.

As the text explains, only insurance-like benefits are deductible because of the harshness of providing that any non-insurer aiding an accident victim forfeits the right of that non-insurer and his beneficiary to recoup in tort the amount of the aider's largesse. Indeed if all financial aid to an accident victim were deducted in a tort action, even advances made by a lawyer to his client would be uncollectable from the tortfeasor. Admittedly, such advances raise serious ethical problems, but the practice of

giving such advances is nonetheless widespread. J. O'Connell, *The Injury Industry and the Remedy of No-Fault Insurance* 63 (1971). Why, though, did Keeton and I draft the no-fault collateral source provision so that those family members, other than those with an obligation to render support, as well as friends and employers were thus discouraged from rendering financial assistance to an accident victim because once such aid is rendered, neither the donor nor the donee could, to the extent of the aid, recover from the no-fault insurer?

The no-fault auto provision can afford to be more indifferent to discouraging aid to accident victims because under no-fault insurance, the injured party is assured of his benefits; so there is less need to worry about discouraging others from coming to the victim's aid. But where, in the situation covered by the draft in the text, the issue is not between the plaintiff's friend and a no-fault insurer aiding the victim, but between the plaintiffs friend and a tortfeasor, aid to the victim prior to resolution of the tort claim should be encouraged. This is especially true given the uncertainty and long delay accompanying recovery from a tortfeasor.

Even under the no-fault provision, it was thought necessary to make the exceptions that payments discharging family obligations and gratuities (from other than employers) were not subtractable from insurance benefits. (For ease of administration, all payments from an employer were viewed as similar to insurance-like benefits and not genuine gratuities, made "out of the goodness of one's heart.") In other words, even under no-fault, there is no need to reward the no-fault insurer to the extent the donor was discharging a family obligation or making a genuinely charitable gesture to the victim.

(Continued on the following page.)

a large scale to take advantage of the right to recoupment denied to insurer-like institutions under the proposed bill, their activities would be classified as insurance, calling for appropriate filings with an insurance commissioner, which *ipso facto* would end the right of recoupment.⁴⁰

Denial of the right of an insuring institution, or its governmental equivalent, to gain recoupment through subrogation under their payees' liability claims raises the question whether the lack of this right will cost casualty insurers sufficient amounts to counterbalance the gain to them as defendants, out of which latter gain more payment to negligent plaintiffs is to be financed.⁴¹ Given the waste

for example, use of the "trust receipt," whereby an insured, in consideration for payment of his first-party claim, promises to hold in trust for the first-party insurer whatever he will recover from the tortfeasor, up to the amount of the first-party benefits. Procaccia, cited above, at 577. Gradually the rule has evolved allowing a first-party health insurer covering personal injury to be subrogated against a first-party tortfeasor, but only if the first-party contract expressly so provides. R. Keeton, cited above, at 152. This is called conventional subrogation as opposed to equitable subrogation. Procaccia, cited above, at 574.

As to life insurance contracts, there is some dicta indicating that even if an express clause in the policy purported to allow subrogation, it would not be effective. See R. Keeton, cited above, at 149, 151-53; Procaccia, cited above, at 579. Cases so holding, however, are evidently either rare or perhaps even nonexistent. Procaccia, cited above, at 579 n. 40. To the extent that life insurance is viewed as an investment, there are additional grounds for not allowing such subrogation, but to the extent that most life insurance is term insurance with no investment element, any distinction between life insurance and other forms of insurance seems unsound. See text accompanying footnotes 32-34, 37 above.

⁴⁰ R. Keeton, cited above at footnote 34, at § 8.2 (1971).

⁴¹ See text accompanying footnotes 30-31 above.

and expense of subrogation, the answer would seem to be no. According to one study based on actual field investigations by an author who was generally enthusiastic about subrogation, it costs the subrogee, or assignee, \$195 to litigate and recover on a \$500 claim. Total costs of litigation and payment for the tortfeasor, or his insurer, amount to \$600. Accordingly, the subrogee will only collect \$305 net; and the overhead to the insurance industry as a whole will be \$295 (\$100 plus \$195) on a \$500 claim—or 60 per cent.⁴² According to the same study, recoveries for auto personal injury insurance, expressed in terms of a rough ratio between net subrogation receipts in a given year to net losses in that year, were as low as .01 per cent.⁴³ As Professor John Fleming of the law faculty of the University of California at Berkeley has noted, "the game is rarely worth the candle."⁴⁴

Supporters of subrogation claims might contend that these figures may be dated and that the amounts recovered through subrogation can be crucial to relieve an insurer from the burden of a matured risk and so provide the insurer the slim margin of profit in this intensely competitive industry. In addition, it can be argued that the high cost of subrogation provides a built-in regulator of its frivolous use when that use is not economically justifiable.

⁴² Fleming, "The Collateral Source Rule and Loss Allocation in Tort Law," 54 *California Law Review* 1478, 1536 n. 236 (1966), citing in turn R. Horn, *Subrogation in Insurance Theory and Practice*, ch. 7 (1964).

⁴³ Fleming, cited above at footnote 42, at n. 237, citing in turn R. Horn, cited above at footnote 42, at ch. 11.

⁴⁴ Fleming, cited above at footnote 42, at 1536.

⁴⁵ *Id.*, at 1536-37. See also James, "Social Insurance and Tort Liability: The Problem of Alternative Remedies," 27 *New York University Law Review* 537 (1952). For a fur-

This retort, however, takes an excessively narrow view of subrogation because it considers only the economic cost to the subrogee. As Professor Fleming has observed of such a view:

"It fails to do justice to the wastefulness of subrogation to the whole process of insurance, particularly in its effect on insurance premiums. Subrogation promotes multiple insurance, since the same risk must be covered both by loss and liability insurance. The cost of both, moreover, is in many situations spread among the same risk community, as for example, owners and drivers of automobiles. Thus the high cost of subrogation, added to the administrative expenses of multiple insurance, constitutes a burden on enterprise in the community without any compensating economic, even less than social, advantage."⁴⁵

The abolition of comparative or contributory fault (including assumption of risk) and the collateral source rule, in accordance with this article, could be accomplished not only by state statute but by federal statute as well.⁴⁶ Given the pervasively interstate nature of casualty insurance, federal intervention would certainly seem appropriate. Alternatively, these changes could be implemented by common law decision because each of these rules was originally ordained by the courts. Even if a state has already adopted

ther discussion in a somewhat different context, arguing that (1) doing away with subrogation and (2) having casualty insurance cover only those amounts not paid by other forms of loss insurance will not have undue adverse economic consequences from the point of view of internalization, etc., see J. O'Connell, *Ending Insult to Injury: No-Fault Insurance for Products and Services* 141-147 (1975).

⁴⁶ See *United States v. South-Eastern Underwriters Assn.*, 5 FIRE AND CASUALTY CASES 194, 1944-1945 TRADE CASES ¶ 57,253, 322 US 533 (1944); R. Keeton, cited above at footnote 34, at §§ 8.1, 8.2.

a comparative negligence statute to replace contributory negligence, a court might still be viewed as empowered to abolish comparative negligence in accord with this article.⁴⁷ Especially in those jurisdictions which have retained a common law rule of contributory negligence, a court as well as a legislature would be well advised not to abolish contributory negligence by moving to comparative negligence but, rather, to recognize neither.⁴⁸ Similarly, in a jurisdiction which had adopted comparative negligence by common law rule, the judicial abolition of that precedent in accord with this article would be salutary.

It might be argued that because the savings from abolishing the collateral source rule may not precisely match the additional costs of abolishing contributory or comparative fault, legislative change—wherein more precise actuarial evidence may be adduced through legislative hearings, and so forth—would be preferable to common law change. Perhaps so, but common law change still makes sense. Courts in this generation have been very willing to mandate changes in tort doctrine—such as adopting strict prod-

uct liability and indeed comparative negligence—that clearly add substantially to costs with no compensatory savings. For the first time, really, under the proposals made here, salutary changes with at least some compensatory savings are combined, with one proposal adding to costs and the other subtracting from them. Viewed that way, the cost trade-offs involved seem much less forbidding.⁴⁹

Conclusion

One closing note: in the proposals I have either made or had a hand in making for no-fault insurance,⁵⁰ I have met substantial opposition from members of the plaintiffs' bar. With respect to the proposals made herein, however, our interests seem to coincide. Everyone, especially injury victims and, in turn, their lawyers, will benefit from a reform of the personal injury tort liability system to pay more injured victims more money when their own sources of help have been outstripped by their losses. Unless personal injury lawyers advocate such improvements in personal injury law, pressure for more sweeping

⁴⁷ Cf. *Li v. Yellow Cab Co.*, cited above at footnote 2 (where the California Supreme Court abolished the rule of contributory negligence in favor of comparative negligence); see *Vincent v. Pabst Brewing Co.*, 47 Wis2d 120, 177 NW2d 513, 522-523 (1970) (Hallows, C. J., dissenting); O'Connell & Beck, "Overcoming Legal Barriers to the Transfer of Third-Party Tort Claims as a Means of Financing First-Party No-Fault Insurance," 1979 *Washington University Law Quarterly* 124-126, 129-130, Calabresi, "The Nonprimacy of Statutes Act: A Comment," 4 *Vermont Law Review* 347 (1979); G. Calabresi, *The Common Law Function in the Age of Statutes* (to be published by Harvard University Press); Bischoff, "The Dynamics of Tort Law: Court or Legislation?" 4 *Vermont Law Review* 35 (1979); Keeton, "Creative Continuity in the Law of Torts," 75 *Harvard Law Review* 463 (1962); Peck, "The Role

of the Courts and Legislatures in the Reform of Tort Law," *Minnesota Law Review* 265 (1963).

⁴⁸ But see *Maki v. Frelk*, 40 Ill2d 193, 239 NE2d 445 (1968). For some cogent criticism of *Maki*, see "Comments on *Maki v. Frelk*—Comparative v. Contributory Negligence: Should the Court or Legislature Decide?" 21 *Vanderbilt Law Review* 889-949 (1968).

⁴⁹ For a discussion of the necessity of balanced reform of the tort system, taking into account the needs of both accident victims and premium payers, see O'Connell, "A Balanced Approach to Auto Insurance Reform," 41 *University of Colorado Law Review* 81, 83-94 (1969).

⁵⁰ R. Keeton & J. O'Connell, cited above at footnote 31; J. O'Connell, cited above at footnote 45; J. O'Connell, *The Lawsuit Lottery: Only the Lawyers Win* (1979).

changes, changes less palatable to personal injury lawyers, will mount. Although this coincidence of interests between injury victims and their lawyers may not cause the Association of Trial Lawyers of America to lobby for these changes, surely enough individual injury victims will benefit that *some* plaintiffs' lawyers ought—quite literally—to plead for these changes in individual cases, thus opening the door to reform by common law decision.⁵¹

Nor does the fact that the proposals made herein should appeal to plaintiffs' lawyers mean the proposals are necessarily less attractive to insurers and self-insurers. As explained above, sensibly enough, compensatory savings are made part of an expansion of tort liability. In addition, by eliminating disputes over claimants' conduct, the insured event is simplified, with corresponding actuarial and other advantages for insurers in predicting and litigating personal injury cases.⁵²

[The End]



⁵¹ Although an individual plaintiff will not gain by abolition of the collateral source rule alone, such abolition, if concomitant with abolition of defenses based on the

plaintiff's conduct, will render the latter change more palatable to a court.

⁵² See text between footnotes 13-14 above.