



## Data Now Program (DNP) Reporting Complex Exposure for Unit Data

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### Key Takeaways

- Special circumstances require special reporting
- Refer to your resources for details
- Don't forget to check for state special rules

### Resources

- *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)*
- *Unit Statistical Reporting Guidebook*

### Focus—National Rules

This course provides mainly national rules and reporting requirements. You must refer to the *Statistical Plan* for specific state rules.

### Chapter 1: Statistical Codes

Statistical codes identify credits or debits that modify premium based on state-approved pricing programs.

#### Statistical Code Example

Phraseology	Stat Code	Premium Credit (-) or Debit (+)	Applicable States	Effective Date	Discontinued Date
Managed Care	9874	Credit (-)	CO	03/01/1993	
Managed Care	9874	Credit (-)	FL	06/01/1994	07/1/1996
Managed Care	9874	Credit (-)	MO	01/01/1993	
Managed Care	9874	Credit (-)	NH	01/01/1994 Voluntary Only	

- NCCI files managed care premium credit programs and statistical codes in multiple states
- Data reporters use the statistical codes to report managed care in applicable states
- Refer to Part 6-E. Statistical Codes in the *Statistical Plan*, NCCI's *Basic Manual* shows premium determination for most statistical codes

### Statistical Code Tables

Statistical codes are separated into three tables, based on the premium algorithm that determines how premium is calculated:

- Subject to Experience Rating (Part 6-E-1)
- Not Subject to Experience Rating (Part 6-E-2)
- Not Part of Standard Premium (Part 6-E-3)



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## Examples

### Independent Carrier Filing

Use the independent carrier filing statistical code based on the premium algorithm and whether the premium is a credit or debit:

Placement	Credit	Debit
Subject to Experience Rating	9721	9723
Not Subject to Experience Rating	9722	9724
Not Part of Standard Premium	9655	9656

### Deductible Premium Credits

The same statistical codes are used for both NCCI-filed and independent carrier-filed programs:

Statistical Code	Placement
9663	Not Subject to Experience Rating
9664	Subject to Experience Rating
9657	Not Part of Standard Premium

### Schedule Rating Credits or Debits

#### *NCCI-Filed and Insurer-Filed Programs*

The same statistical codes are used for both NCCI-filed and independent carrier-filed programs:

Statistical Code	Premium Adjustment	Placement
9887	Credit	Not Subject to Experience Rating
9889	Debit	Not Subject to Experience Rating

#### *Insurer-Filed Programs—West Virginia Only*

In West Virginia, the Schedule Rating programs have additional statistical codes for Not Part of Standard Premium. These are insurer-filed-only programs.

Statistical Code	Premium Adjustment	Placement
9750	Credit	Not Part of Standard Premium
9751	Debit	Not Part of Standard Premium

## Company Use Only Codes

- NCCI has several codes that can be used in a carrier's system for their internal use
- These codes are NOT reported to NCCI
- The company use only codes can be found in the ***Unit Statistical Reporting Guidebook***

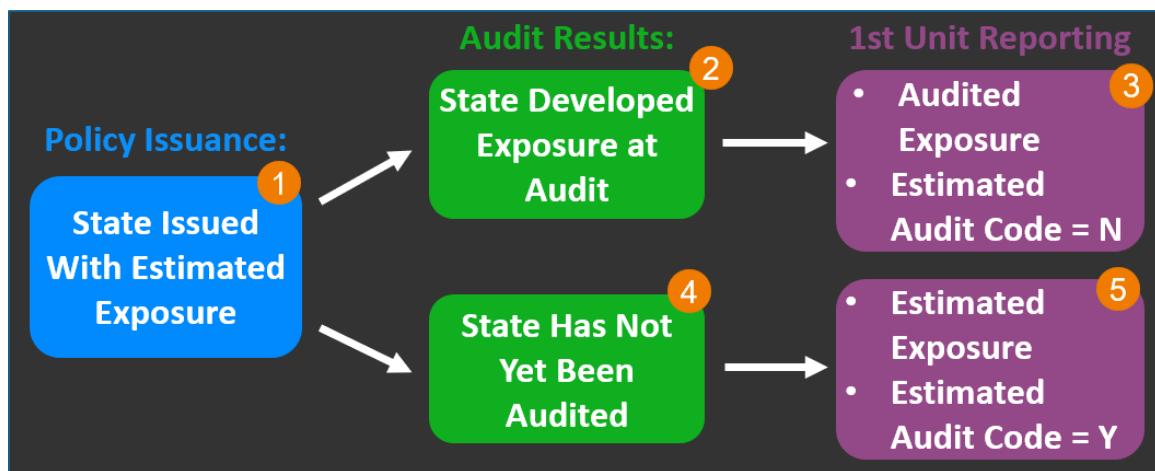
## Taxes and Assessments

- Not premium
- Do not report unless a designated statistical code exists
- Refer to NCCI's ***Tax and Assessment Directory*** on [ncci.com](http://ncci.com)

## Chapter 2: Single-State and Multistate Policies

### Single-State Policies

#### Single-State Policy Life Cycle





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1. When a policy is written, it is issued with estimated exposure
2. After the policy expires, an audit is completed to determine the actual exposure
3. If the policy develops exposure at audit, report the audited exposure and losses, report the Estimated Audit Code with an “N” for no
4. If the audit has not been completed by the 1st report
5. Report the Unit Data with the estimated exposure amounts and a “Y” for the Estimated Audit Code

**Note:** Once the audit is complete, submit a correction report to update the exposure and corresponding premium, and change the Estimated Audit Code to “N”.

**No Exposure Developed at Audit**

Submit 1st report with Statistical Code 1111—No Exposure Developed and Estimated Audit Code as “N”:



**Expense Constant and Balance to Minimum Premium**

If applicable to the policy, report Expense Constant (Code 0900) and Balance to Minimum Premium (Code 0990).

**Single-State Policy Example**

**Florida Policy Issued**

	Estimated Exposure	Rate	Premium
Class Code 6834	\$30,000	3.33	\$999
Expense Constant Code 0900	\$0	0.00	\$160
<b>Total</b>			<b>\$1,159</b>

The minimum premium in this example is \$493. The total premium is higher, Balance to Minimum Premium is not required.



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#### Florida Policy at Audit

No exposure developed in Class Code 6834 at audit. Minimum premium for this example is \$493.

	Audited Exposure	Rate	Premium
Class Code 6834	\$0	0.00	\$0
Expense Constant	\$0	0.00	\$160
Balance to Minimum Premium	\$0	0.00	\$333
Total			\$493

#### Unit Reporting

Exposure Act	Class	Exposure	Manual Rate	Premium	Mod	Mod Effective Date	Rate Effective Date
00	1111	0	0	0	0.00	1/1/22	1/1/22
00	0900	0	0	160	0.00	1/1/22	1/1/22
	0990	0	0	333	0.00	1/1/22	1/1/22

## Multistate Policy

Multistate policies have basic reporting rules like single-state policies, but with some additional concepts.

#### Expense Constant and Balance to Minimum Premium

- Reporting Expense Constant and Balance to Minimum Premium

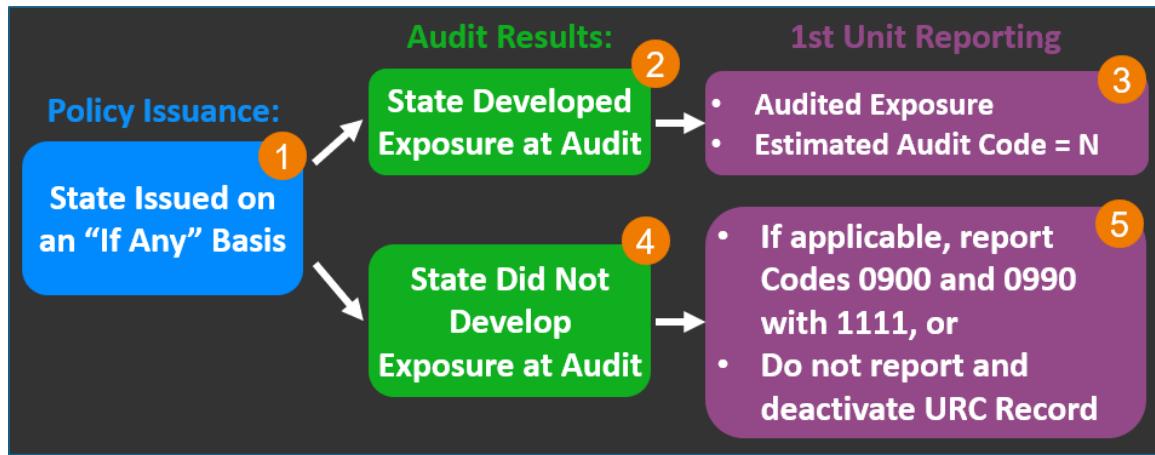
#### Expense Constant

State with the highest expense constant

#### Balance to Minimum Premium

State with the highest minimum premium

**Multistate Policy—“If Any” Basis**



1. When a state on the policy was reported with zero exposure and at least one dollar was reported on the State Premium record
2. If the state developed exposure at audit
3. 1st report is submitted with the audited exposure and the Estimated Audit Code as “N”
4. If the state did not develop exposure at audit and the expense constant and/or balance to minimum premium applied to that state
5. The unit is reported with either or both corresponding codes, but if neither apply:
  - a. Do not report the unit
  - b. Deactivate the URC record—NCCI will not continue to expect the unit

**Note:** Check out the URC Program video on [ncci.com](http://ncci.com)!

**Multistate Policy Example**

**Expense Constant and Balance to Minimum Premium**

State	Expense Constant	Minimum Premium
AL	150	500
FL	175	750
GA	200	600
SC	100	300



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**Policy at Audit**

State	Exposure	Premium
AL	\$20,000	\$100
FL	\$0	\$0
GA	\$0	\$0
SC	\$30,000	\$200

**Unit Reporting**

- Georgia—In this scenario, report the Expense Constant because Georgia has the highest value

Exposure Act	Class	Exposure	Manual Rate	Premium	Mod	Mod Effective Date	Rate Effective Date
00	1111	0	0	0	0.00	1/1/22	1/1/22
00	0900	0	0	200	0.00	1/1/22	1/1/22

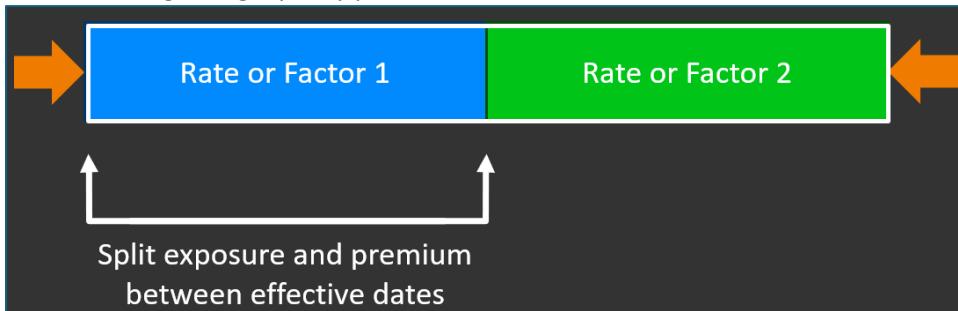
- Florida—In this scenario, report the Balance to Minimum Premium because Florida has the highest value

Exposure Act	Class	Exposure	Manual Rate	Premium	Mod	Mod Effective Date	Rate Effective Date
00	1111	0	0	0	0.00	1/1/22	1/1/22
00	0990	0	0	250	0.00	1/1/22	1/1/22

## Chapter 3: Split Periods

### What Is a Split Period?

- Split periods occur when multiple rates or experience modification factors are applicable to an insured during a single policy period



- Classification and statistical code exposure and premium are split between:
  - Multiple Rate Effective Dates
  - Multiple Experience Modification Effective Dates

### Reasons for Split Periods

For Multiple Rate Effective Dates:

- Law-only filing that occurred in a state, and it applied to outstanding policies. In this case, NCCI submitted a filing to adjust the state benefits that result in changes to the rates.
- Carrier's approved adoption date of their rate filing was different from NCCI's approved rate filing for a specific state. This causes the rate effective date to be different than the policy effective date.

For Multiple Experience Modification Effective Dates:

- Application of late experience modification factor
- Policy Effective Date is different than the Modification Effective Date
- Ownership rulings that result in a change in experience modification factor

### Split Periods—Reporting

For each split period:

- Increment the split indicator by 1 (starting with 0). Split Period Indicators range from 0 to 9.
- Prorate the exposure and premium for each class code based on duration of the split period.

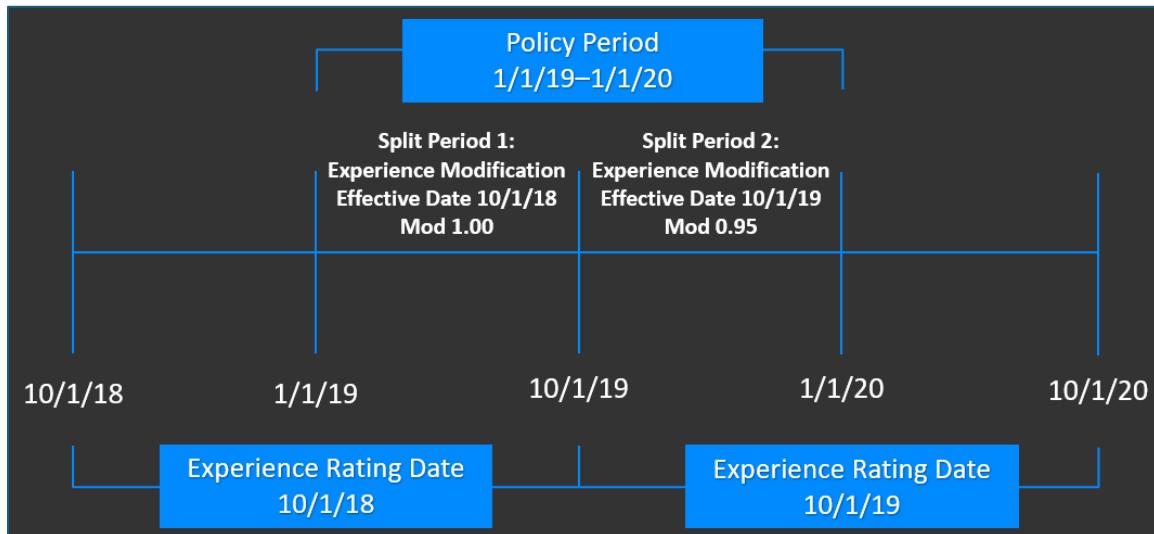


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- Prorate premium for each statistical code if calculated premium is different for each period.

For Class Codes				For Statistical Codes			
Class Code	Split Period	Exposure	Premium	Class Code	Split Period	Exposure	Premium
8810	0			0900	0		
8810	1	Prorated amounts	Prorated amounts	0900	1		
8810	...			0900	...		
8810	9			0900	9		Prorated amounts if premium changes

### Split Period Example



### Split Period Example of Experience Mod Effective Date Different From the Policy Effective Date:

Class Code	Exposure	Rate	Premium	Exp Mod	Exp Mod Eff. Date	Rate Eff. Date	Split Ind.
8810	28,000	0.25	70	1.000	10/1/18	1/1/19	0
8810	12,000	0.25	30	0.950	10/1/19	1/1/19	1



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## Chapter 4: Audit Noncompliance Charge

### Policy Conditions—WC 00 00 00 C

#### Part Five—Premium

##### G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

Outlines the carrier's rights to request audit records and examination of those records to determine final premium.

- An Audit Noncompliance Charge (ANC) may apply subject to the conditions in the **Basic Manual**
- The charge is determined by applying the ANC multiplier from the **Basic Manual** to the ANC basis

#### Calculation Example

	Item	Amount
A	Original Total Estimated Annual Premium	\$100,000
B	ANC Multiplier per <b>Basic Manual</b>	2
C	Calculated ANC Charge (A x B)	\$200,000
D	Revised Total Estimated Annual Premium (A + C)	\$300,000

**Note:** If the policyholder allows the audit, the carrier will determine the final policy premium, issue a refund of the ANC charge (if applicable), and then mark the policyholder as compliant with the audit.



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**ANC Reporting**

<b>Exposure</b>				
<b>Update Type Code</b>	<b>Class or Statistical Code</b>	<b>Exposure</b>	<b>Rate</b>	<b>Premium</b>
A	8017	5,000,000	2.00	100,000
A	9757	0	0.00	200,000

1. When the ANC charge applies, submit the 1st report with the original estimated exposure and estimated annual premium to the appropriate classification code (8017 in this example)
2. The ANC charge is reported to Statistical Code 9757

**Note:** The Estimated Audit Code on the Header Record remains as "N".

**ANC Reporting After Completed Audit**

If the audit gets completed, submit a correction to make these changes.

1. Revise the Class Code's data to the audited amounts
2. Delete the Audit Noncompliance Charge

<b>Exposure</b>				
<b>Update Type Code</b>	<b>Class or Statistical Code</b>	<b>Exposure</b>	<b>Rate</b>	<b>Premium</b>
C	8017	920,258	2.00	18,405
D	9757	0	0.00	200,000

**Note:** The Estimated Audit Code on the Header Record remains as "N".



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## Chapter 5: Increased Limits of Liability

### Standard Limits of Liability

Standard limits of liability are:

- \$100,000 per Accident
- \$100,000 per Employee
- \$500,000 per Policy

### Increased Limits of Liability

- A carrier can increase the limits of liability and charge an additional premium by applying a factor
- See **Basic Manual** for factors
- Each factor has a corresponding minimum premium
- Applies with or without workers compensation
- Statistical codes are used to report the additional premium

### Increased Limits of Liability—Statistical Codes

- Found in Part 6 of the **Statistical Plan**

Increased Limits With Workers Compensation Coverage (in 000s)—		Increased Limits Without Workers Compensation Coverage (in 000s)—	
\$100/100/1,000	9803	\$100/100/1,000	9823
\$100/100/2,500	9804	\$100/100/2,500	9824
\$100/100/5,000	9805	\$100/100/5,000	9825
\$100/100/10,000	9806	\$100/100/10,000	9826
\$500/500/500	9807	\$500/500/500	9827
\$500/500/1,000	9808	\$500/500/1,000	9828
\$500/500/2,500	9809	\$500/500/2,500	9829
\$500/500/5,000	9810	\$500/500/5,000	9830
\$500/500/10,000	9811	\$500/500/10,000	9831
\$1,000/1,000/1,000	9812	\$1,000/1,000/1,000	9832
		\$1,000/1,000/2,500	9833
		\$1,000/1,000/5,000	9834
		\$1,000/1,000/10,000	9835

- Separate codes are used when there is or is not workers compensation coverage
- Each code corresponds to specific limits of liability
- If the increased limits do not specifically match the limits corresponding to the stat codes, then use:
  - Code 9837 —> For limits that are LESS than 1 Million, 1 Million, 10 Million
  - Code 9816 —> For limits that are GREATER than 1 Million, 1 Million, 10 Million for coverage with workers compensation
  - Code 9836 —> For limits that are GREATER than 1 Million, 1 Million, 10 Million for coverage without workers compensation



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### Balance to Minimum Premium

- Charges for Increased Limits of Liability have minimum premiums associated with the program
- When the minimum premium for the charge is not met, assign the difference to Statistical Code 9848—Balance to Minimum Premium

## Chapter 6: Per Capita—Domestic Workers

Domestic workers are hired to perform duties inside or outside a private residence. These include cooks, housekeepers, laundry workers, maids, butlers, companions, nannies, private chauffeurs, and gardeners.

### Per Capita—Domestic Workers (Full Year)

- Full-time workers:
  - Work more than 20 hours per week
  - Classified to Code 0913
  - Exposure is based on number of workers during the policy period
- Part-time workers:
  - Work 20 hours or less per week
  - Classified to Code 0908
  - Exposure is based on duration of coverage
    - Example: Two part-time employees working 10 hours each per week would equate to one unit of coverage
- Rules for premium determination are in the ***Basic Manual***

### Reporting Example

If you had two full-time domestic workers and two part-time domestic workers employed for 9 hours each during the full policy period, report the exposure record as follows:

Class/Statistical Code	Exposure*
0913	0000000020
0908	0000000010

**Note:** There is an implied decimal point between the ninth and 10th digit in the field. For example, 0000000020 represents 2.0.

In the ***Unit Data Collection*** tool, the exposure amounts would look like 20 and 10, respectively. There is an implied decimal point so the amounts represent 2.0 and 1.0.

Class Cd ▼	Subj ER ▼	Expos Amt	Manual Rate	Prem Amt
0913 ⓘ	Y	20	0500.000	1,000
0908 ⓘ	Y	10	0500.000	500



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**Per Capita—Full-Time Domestic Workers (Partial Year)**

- When a full-time worker is added or not replaced during a full-term policy, prorate using the chart in the ***Basic Manual***
- When reporting the unit, round exposure to the nearest 10th

Nbr of Workers	Months Worked	Exposure	Rate	Premium
1	4	.334	600	200

Report 0000000003

**Per Capita—25% Rule for Full-Time Workers**

- Minimum pro rata charge is 25% of the per capita charge per employee.
- When reporting the unit, round exposure to the nearest 10th. Thus, report 25% as 0000000003.
- Report the premium amount based on 25%, not on the rounded value.

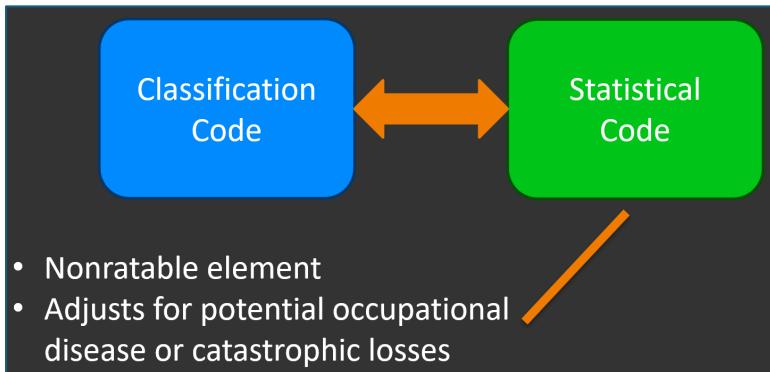
**Cancelled or Short-Term Policies**

- Prorate both full-time and part-time employees
- Do not apply the 25% rule
- When reporting the unit, round exposure to nearest 10th



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## Chapter 7: Ratable/Nonratable Groups



- Groupings of classification codes with their corresponding statistical codes
- Due to the nature of the insured's operation, a policy may be assigned a ratable and nonratable group of a class code and its corresponding stat code
- Codes are identified with an "N" in the loss cost and rate pages
- Each classification code and statistical code has associated loss costs and rates
- The statistical code represents the nonratable element of the group and is subject to an additional premium load
- Premium is calculated for the stat code based on the rate and the additional premium accounts for the class code's potential for occupational disease and catastrophic losses

FOOTNOTES	
N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.	
Class Code	Non-Ratable Element Code
4766	0766
4771	0771
7405	7445
7431	7453

**Note:** The ratable and nonratable group codes are displayed in the footnotes of the rate pages. This is an example of the groups for Arizona. If you go to Part 6 of the *Statistical Plan*, you will notice that Statistical Code 7445 is described as the Nonratable portion of the rate for Class Code 7405.

2. Premium Amount Not Subject to Experience Rating				
Phraseology	Stat Code	Premium Credit (-) or Debit (+)	Applicable States	Effective Date
Non-Ratable Portion of Rate for Classification Code 7405	7445	Debit (+)	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV	01/01/1987



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### Reporting Example

Class Cd	Exposure	Rate	Premium	Subj to ER
7405	\$100,000	0.99	\$990	Y
7445	\$100,000	0.53	\$300	N

Use the same exposure      Not subject to ER or retrospective rating

**Note:** All losses are reported to the **ratable** class code.

Reporting Exception:  
An exposure and rate  
are reported for the  
nonratable statistical  
code.

## Chapter 8: Supplemental Disease

### Supplemental Disease—Abrasive/Sandblasting/Incidental Foundries

If a policy covers disease exposure, the loss costs and rates do not include premium for the disease exposure.

Based on a carrier's evaluation of an insured's operation, carriers can charge an additional premium for supplemental disease:

- Abrasive
- Sandblasting
- Incidental Foundries—Steel, Non-Ferrous Metals, Iron

**Note:** NCCI no longer promulgates and files loss costs or rates for supplemental disease codes. Carriers wishing to charge supplemental disease premium must file their own rates with state regulators.

### Statistical Codes

- 0059—Abrasive or Sandblasting
- 0065—Incidental Foundries—Steel
- 0066—Incidental Foundries—Non-Ferrous Metals
- 0067—Incidental Foundries—Iron

### Supplemental Disease—Atomic Energy/Radiation

For supplemental asbestos and atomic energy/radiation exposures, NCCI does not produce or file a loss cost or rate.



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### Statistical Codes

- 0133—Supplemental Disease Experience—in Connection With Asbestos Exposure
- 9985—Atomic Energy—Radiation Exposure NOC

### Supplemental Disease—Not Otherwise Classified

If there is a supplemental disease not otherwise classified, that the carrier has filed for such a program to charge, carriers are able to charge an additional disease load, based on the carrier's evaluation of the insured's operations. The carrier must file for such a program.

### Statistical Code

0179—Disease Experience—Supplemental

### Reporting Supplemental Disease

- Report experience to the designated statistical code, including payroll, premium, and losses
- Keep disease experience separate from the class code experience as supplemental disease experience is **NOT** subject to experience rating

### Example

Class	Code	Exposure
Gas pipeline operators	7515	\$100,000
Supplemental Disease – Abrasive or Sandblasting	0059	\$75,000

Supplemental disease claims use this Code

## Chapter 9: Catastrophe Provisions

### Catastrophe Provisions

- NCCI files separate charges for terrorism exposure and catastrophe provisions for other than certified acts of terrorism
- Premium calculations are either based on exposure and rate (total payroll / 100 x [catastrophe provision value]) or based on a flat charge
- Premium charges for catastrophe provisions are applied after the standard premium



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## Catastrophe Provisions—Premium

- NCCI publishes catastrophe and terrorism advisory loss costs in the Miscellaneous Values pages of the **Basic Manual** by state

MISCELLANEOUS VALUES		
<b>Basis of premium</b> applicable in accordance with the <b>Basic Manual</b> notes for Code 7370 – "Taxicab Co.":		
Employee operated vehicle.....	\$81,200	
Leased or rented vehicle.....	\$54,100	
<b>Catastrophe (other than Certified Acts of Terrorism) - (Voluntary)</b> .....	0.01	
<b>Expense Constant</b> applicable in accordance with the <b>Basic Manual</b> rule.....		
	\$160	
<b>Terrorism (Voluntary)</b> .....	0.01	

## Catastrophe Provisions—Premium Reporting

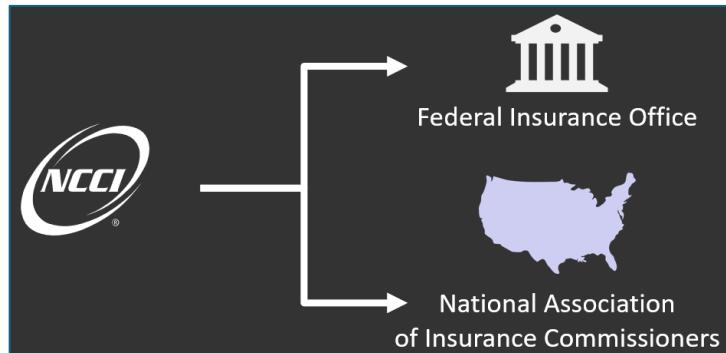
- When reporting catastrophe provision premium, use:
  - Statistical Code 9740 for Catastrophe provisions for terrorism
    - Rate field can accommodate two or three decimal places
  - Statistical Code 9741 for Catastrophe provisions other than certified acts of terrorism
- Premium charges must be reported separately under their designated statistical codes
- Premium charges must not be combined with the classification code premiums or other statistical code premiums
- If the charge is based on an exposure and rate:
  - Exposure, rate, and premium fields are reported with their appropriate amounts
    - Exposure Amount = Payroll (Exposure) Amount
    - Manual/Charged Rate
  - Catastrophe Provision Value for Terrorism
  - Catastrophe Provision Value for Catastrophe (other than Certified Acts of Terrorism)
  - Premium = Catastrophe Provision Premium
- If the charge is based on a flat premium:
  - Exposure Amount (zero-fill)
  - Manual/Charged Rate (zero-fill)
  - Premium = Catastrophe Provision Premium



## Data Now Program (DNP) Reporting Complex Exposure for Unit Data

### Catastrophe Provisions—Terrorism Data Reporting

- Part of NCCI's reporting service to the Federal Insurance Office and to the NAIC
- NCCI provides terrorism data to these industry organizations based on the data reported



## Chapter 10: Rate and Premium Adjustments

### Company Rate Deviation

When a company deviates from NCCI's published rates or loss costs:

There are two options for reporting rate deviations:

- Authorized (deviated) rates directly for each classification code
- Flat percentage of the total premium with appropriate statistical code

### Deviated Rates Example

Class Code	Exposure	Rate	Premium
3111	500,000	1.00	5,000
8810	100,000	0.05	50

Use authorized deviated rate



## Data Now Program (DNP) Reporting Complex Exposure for Unit Data

### Flat Percentage Example

Class Code	Exposure	Rate	Premium
3111	500,000	1.10	5,500
8810	100,000	0.10	100
####	0	0.00	56

Use Stat Code

Use NCCI rate

### Company Rate Deviation Statistical Codes

If choosing a flat percentage, the statistical code used is based on placement of the premium in the algorithm and if the premium is a credit or debit:

Statistical Code	Premium Adjustment	Placement
9037	Credit	Subject to Experience Rating
9034	Credit	Not Subject to Experience Rating
9039	Debit	Subject to Experience Rating
9036	Debit	Not Subject to Experience Rating

### State Exceptions

- Texas—No flat percentage option
- Virginia—No rate deviations

### Flat Decrease or Increase to Rates

- NCCI's **Statistical Plan** states: In the case of split rates due to a flat increase or decrease to the rate on an outstanding policy, the resulting premium adjustment must be reported
  - Example: Law-only filings

### Reporting a Flat Decrease or Increase

- NCCI allows carriers various methods to adjust the premium:
  - Statistical Codes:
    - 0994—Premium Credit Due to Flat Decrease to Rate
    - 0998—Premium Debit Due to Flat Increase to Rate
  - Split Periods
  - Apply the adjustment directly to the rates



## Data Now Program (DNP) Reporting Complex Exposure for Unit Data

### Statistical Code Reporting Example

#### ■ Premium Credit Due to Flat Decrease to Rate

Class Code	Exposure	Rate	Premium
0994	0	0.00	100

#### ■ Premium Debit Due to Flat Increase to Rate

Class Code	Exposure	Rate	Premium
0998	0	0.00	100

### Split Periods Reporting Example

Class Code	Split Period	Exposure	Rate	Premium
8810	0	50,000	1.00	500
8810	1	60,000	0.90	540

### Retrospective Rating Adjustments

- Retrospective rated policies are not guaranteed cost policies
- Final premium is based on the insured's actual loss experience during the policy term
  - Subject to a minimum and maximum premium
- Adjustments are performed periodically, after the policy is expired
  - First calculation is at 18 months; subsequent calculations are done every 12 months until all losses are closed out



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### **Retrospective Rating Adjustments—Reporting**

- Report the Header Record with a "Y" for the Retrospective Rated Policy Indicator
- Report Exposure Record with Audited payroll/premium on the 1st report
- Do not report:
  - Retrospective Premium adjustments
  - Correction reports to increase or decrease the audited premium due to retrospective adjustments

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