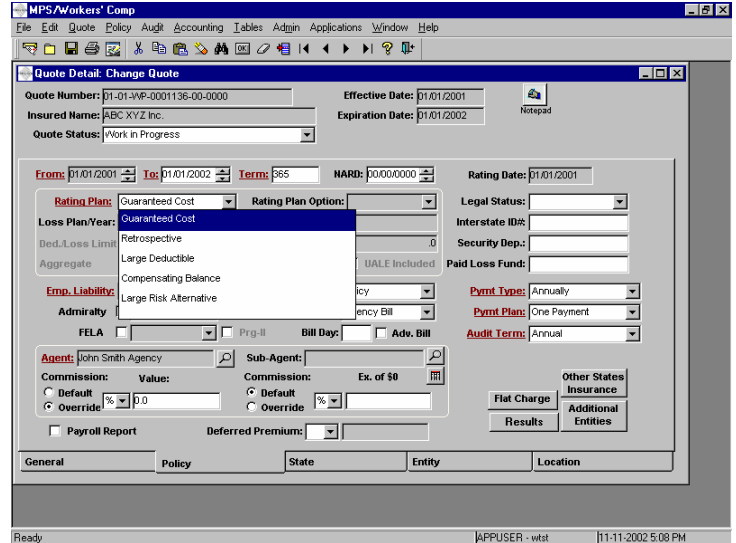




CompVision System

Rating Plans

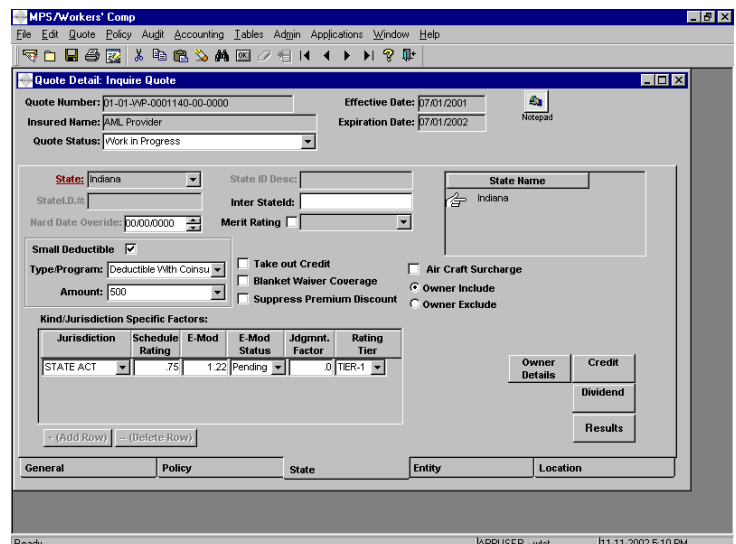
CompVision supports Guaranteed Cost, Retrospective Rating, Large Deductible, Large Risk Alternative Rating Option and Retention Rating plans. Within these plans rating includes standard base rate by job classification, base rate by job classification sub-class, jurisdiction (state act, FELA, Admiralty and USL&H), insuring company rate deviation, schedule rating factor, and user rate override (with proper security user can set own rate and minimum). "What if" pricing is available using our generic pricing tool. Our reports engine can be utilized to track policies.



User maintainable tables support all rating plans. These tables allow the definition of rate plan characteristics, like individual rating factors and the order in which they should be applied.

Within a rating plan, available premium adjustments are state dependent and are also maintained via user support tables. Only those rating/adjustment elements available in the state will be presented to the user for selection. Among the possibilities are flat charges, credits, surcharges, dividends, etc. As each rating element is selected, the system presents screens for the entry/calculation of the rating element if needed.

The system offers assistance in analyzing a quote before binding. An optional EAP/Allocation screen may be used to project the profit/loss anticipated for the indicated EAP. The facility analyzes anticipated loss and expense information (as entered on a worksheet) and calculated premium and determines the profit/loss anticipated.



An optional Risk Evaluation Form may be printed to assist in the gathering of information for a prospective client. Operations, work force, exposures and safety controls, loss analysis, class code analysis, financial analysis and pricing/underwriting rationale information may be gathered.

Rating Plans Supported in System:

Guaranteed Cost:

A Workers' Compensation insurance policy that is not subject to adjustment due to losses that occur during the policy term. In a Guaranteed Cost policy, the only variable affecting premium that should change between policy inception and audit is payroll. This is in contrast to the various kinds of Loss Sensitive plans, such as Retrospective Rating, Retention Plans, or Sliding Scale Dividend Plans, where there is a premium adjustment made based on losses incurred during the policy term.

The rating of the guaranteed cost policy includes factors that reflect experience and anticipated performance, like:

Experience Modifier:

This modification factor is applied to the manual rate to determine an individual employer's workers' compensation premium. This adjustment factor reflects the employer's previous 3 years of workers' compensation experience.

Scheduled Credit:

A discretionary premium adjustment based on underwriters' evaluation of special characteristics of a risk not reflected in the Experience Modifier. Credits or debits are applied to an insured's rates to reflect the potential for cost savings or additional risk on the part of specific insureds.

Loss Sensitive Plans including Retrospective Rating, Large Deductible, Compensating balance, Large Risk Alternative Rating Option and Retention rating plans.

A Loss Sensitive Plan is a Workers' Compensation insurance policy that makes a subsequent adjustment to premium, after policy expiration, based on losses generated during the policy period. The adjustment can go up or down, within set parameters, based on the losses generated during the policy period.

A Tabled Retrospective Premium Calculation Screen is presented when Retro/LRARO rating plans are selected. Premium, expected losses and plan details (plan type, LCF, tax, etc.) are evaluated to calculate retro premium.

A Net Cost Exhibit shows projected premium change for different loss levels. Also available for Retro/LRARO policies is an optional Retro Security Worksheet. Suggested Paid Loss Fund requirements and/or Letter of Credit requirements are derived.

When Large Deductible Rating is selected, a Loss Reimbursement/Deductible Factor Calculation Screen is provided to help analyze the expected and maximum cost to the customer considering premium, loss and deductible variables. Also available for large deductible policies is an optional Deductible Security Worksheet. Using a suggested premium, the worksheet analyzes projected incurred losses, expenses and deductibles. Suggested Paid Loss Fund requirements and/or Letter of Credit requirements are derived.

Loss Sensitive plans demand more than specialized rating. They require a mechanism to reevaluate the policy after audit for multiple years in order to determine the extent of loss activity and possible associated premium changes.

Extensive functionality is provided for the scheduling, recording, calculating and billing of Loss Sensitive Adjustments. Interfacing with current incurred loss information, automatic re-rating is performed. If necessary, additional billing and automatic A/R contribution will occur.