

# BABB

## ConstructionPro

Sample Electric Company

### Workers Compensation Experience Rating and Modification Factor Analysis

Effective Date: 4/1/2010

Prepared on 12/10/2010 at 10:50 AM



*ModMaster Detailed Report*

*File Sample Electric Co. 2010  
Update 10.13 applied  
Page 1*

*This is an ESTIMATE of your experience modification factor. Your actual factor is issued by the appropriate rating bureau.*

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**Payroll & Expected Loss Analysis**

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**Sample Electric Company**

State	Code	Total Payroll	Expected Loss Ratio	Discount Ratio	Expected Loss	Expected Excess Loss
FL	5190	\$5,090,893	1.810	0.190	\$92,145	\$74,637
FL	7605	\$48,028	1.120	0.190	\$538	\$436
FL	8227	\$360,001	1.710	0.170	\$6,156	\$5,109
FL	8742	\$432,766	0.180	0.190	\$779	\$631
FL	8810	\$1,204,786	0.110	0.230	\$1,325	\$1,020
<b>Totals</b>		<b>\$7,136,474</b>			<b>\$100,943</b>	<b>\$81,833</b>

**ModMaster Detailed Report**

Prepared on 12/10/2010 at 10:50 AM

File Sample Electric Co. 2010

Update 10.13 applied

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**Loss Analysis**

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**Sample Electric Company**

State	Date	IJ Code	# of Losses	Actual Loss	Limited or Adjusted Loss	Primary Loss	Excess Loss
<b>Minor/Small Losses</b>							
FL	4/1/2006		3	\$14,758	\$14,758	\$14,758	\$0
FL	4/1/2007		3	\$12,977	\$12,977	\$12,977	\$0
FL	4/1/2008		4	\$2,625	\$2,625	\$2,625	\$0
FL	4/1/2009		1	\$421	\$421	\$421	\$0
<b>Grand totals</b>				<b>\$30,781</b>	<b>\$30,781</b>	<b>\$30,781</b>	<b>\$0</b>

Losses denoted with an '\*\*' reflect a reduction of 70% of medical-only loss dollars where the Experience Rating Adjustment (ERA) is approved.

Losses denoted with a 'S' indicate subrogation or other special loss condition.

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Update 10.13 applied  
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**State Summary**

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**Sample Electric Company**

State	Weight	Expected Excess Loss	Expected Loss	Expected Primary Loss	Actual Excess Loss	Ballast	Actual Incurred Unlimited	Actual Incurred Limited	Actual Primary Loss
FL	0.14	\$81,833	\$100,943	\$19,110	\$0	28,400	\$30,781	\$30,781	\$30,781

**ModMaster Detailed Report**

Prepared on 12/10/2010 at 10:50 AM

File Sample Electric Co. 2010  
Update 10.13 applied  
Page 4

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**Modification Calculation Summary**

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**Sample Electric Company**

EXPECTED LOSSES	Total Expected Losses	\$100,943
	Total Expected Primary Losses	\$19,110
	Total Expected Excess Losses	\$81,833
ACTUAL LOSSES	Total Unlimited Losses	\$30,781
	Total Limited/Adjusted Losses	\$30,781
	Total Actual Primary Losses	\$30,781
	Total Actual Excess Losses	\$0
COMPUTED FACTORS	Computed Ballast Value	28400
	Computed Weighting Value	0.14
	<b>Modification Factor</b>	<b>1.00</b>
	ARAP Factor (if applicable)	1.00

The ARAP surcharge shown is for those states in the rating that have approved the ARAP program. It was calculated based on the general interstate formula and maximum, however, the maximum surcharge may vary by state.

**This calculation invoked the Florida special rule to adjust intrastate experience modification:**

Ratio of actual limited losses to expected losses (prior to  
calculation of ERA medical adjustment factor, if applicable): 30.5



**ModMaster Detailed Report**  
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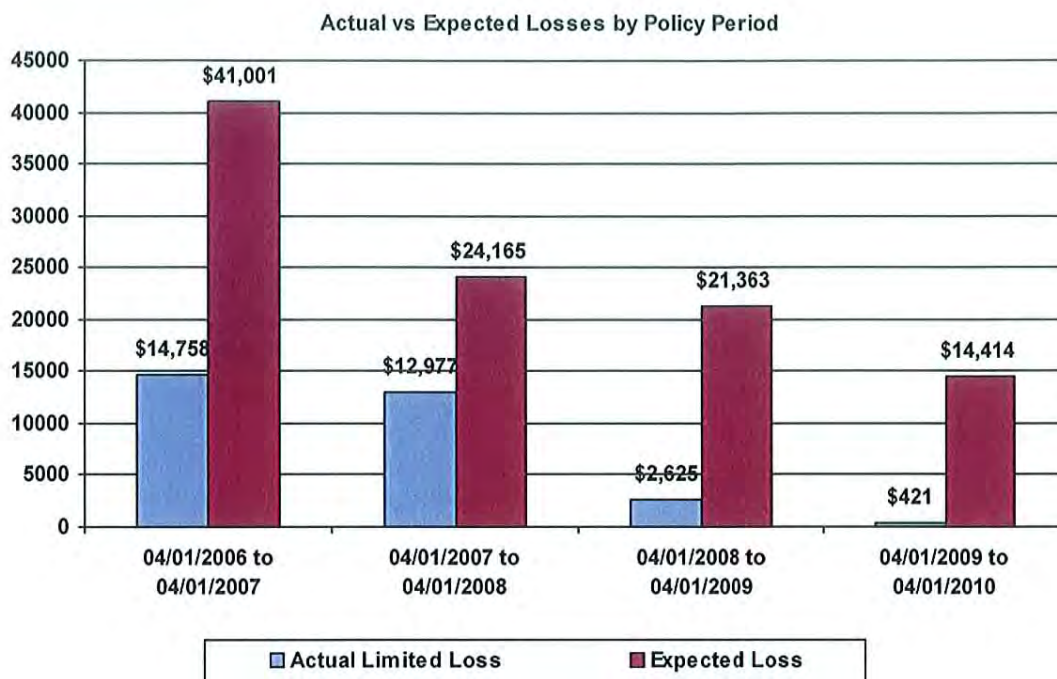
File Sample Electric Co. 2010  
Update 10.13 applied  
Page 5

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## Actual vs. Expected Loss Comparison

Sample Electric Company



Policy Period	Actual Limited Losses	Expected Losses
04/01/2006 to 04/01/2007	\$14,758	\$41,001
04/01/2007 to 04/01/2008	\$12,977	\$24,165
04/01/2008 to 04/01/2009	\$2,625	\$21,363
04/01/2009 to 04/01/2010	\$421	\$14,414
<b>Totals</b>	<b>\$30,781</b>	<b>\$100,943</b>

Number of periods in which actual was less than expected: 4



ModMaster Detailed Report  
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Update 10.13 applied  
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## ERA Status Report

*Mod effective date: 04/01/2010*

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**Sample Electric Company**

State	Status of ERA	Effective Date of ERA	Application of ERA to this calculation
FL	Approved	7/1/1998	ERA applies to the mod calculation for this state. However, no type 6 losses were reported for this state.



**ModMaster ERA Status Report**

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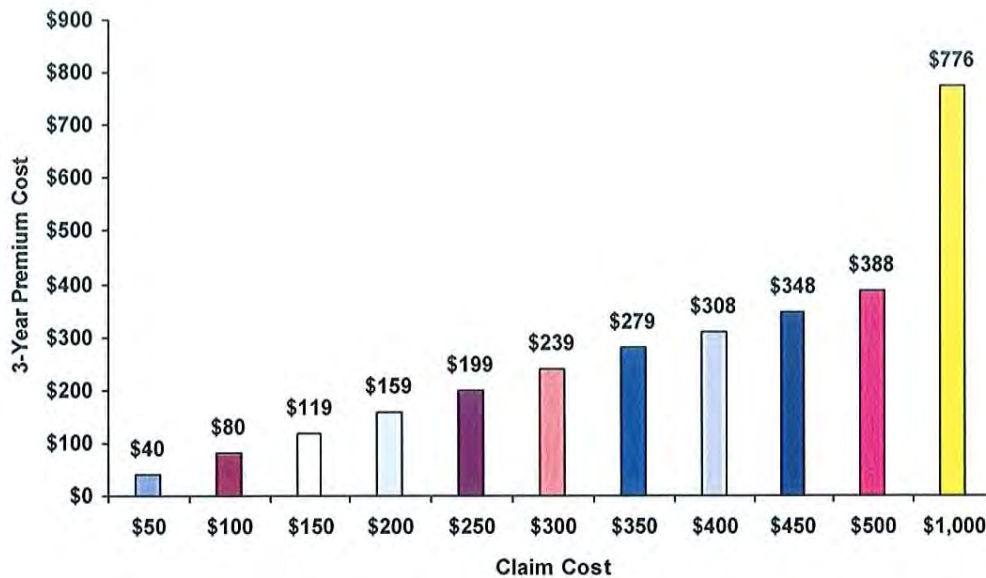
**File Sample Electric Co. 2010**  
**Update 10.13 applied**  
**Page 1**

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## Three-Year Premium Cost of Small Losses

For mods in non-ERA states

Sample Electric Company



### Small Loss Amount

### Three-Year Premium Cost

\$50	\$40
\$100	\$80
\$150	\$119
\$200	\$159
\$250	\$199
\$300	\$239
\$350	\$279
\$400	\$308
\$450	\$348
\$500	\$388
\$1000	\$776



ModMaster Three-Year Non-ERA Premium Cost of Small Losses

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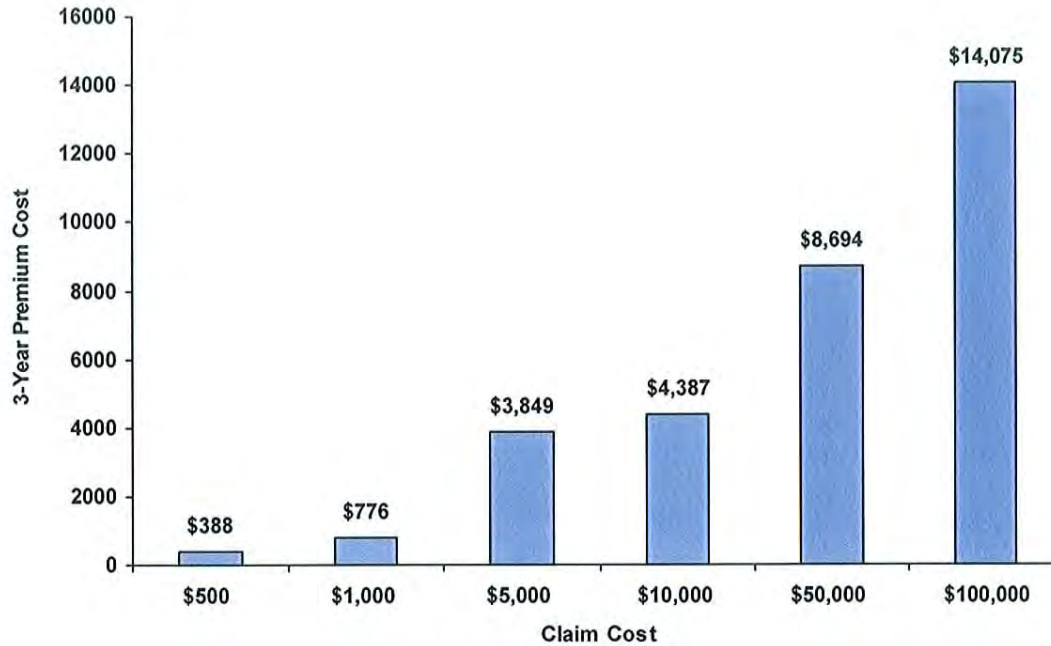


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## Three-Year Premium Cost of Various Losses

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Sample Electric Company



Loss Amount	Three-Year Premium Cost	Premium to Loss Ratio
\$500	\$388	77.6%
\$1,000	\$776	77.6%
\$5,000	\$3,849	77.0%
\$10,000	\$4,387	43.9%
\$50,000	\$8,694	17.4%
\$100,000	\$14,075	14.1%



ModMaster Three-Year Premium Cost of Various Losses

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Update 10.13 applied  
Page 1

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**Aggregate Loss Sensitivity Analysis**

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**Sample Electric Company**

Change in Aggregate Loss Amount	Aggregate Loss Amount	Estimated Mod	Change +/-	Estimated Premiums	Change +/-
50% Loss Increase	\$46,171	1.12	0.12	\$37,135	\$3,979
20% Loss Increase	\$36,937	1.05	0.05	\$34,814	\$1,658
15% Loss Increase	\$35,398	1.04	0.04	\$34,482	\$1,326
10% Loss Increase	\$33,859	1.03	0.03	\$34,151	\$995
5% Loss Increase	\$32,320	1.01	0.01	\$33,488	\$332
*** NO CHANGE ***	\$30,781	1.00	----	\$33,156	----
5% Loss Decrease	\$29,242	0.99	-0.01	\$32,824	(\$332)
10% Loss Decrease	\$27,703	0.98	-0.02	\$32,493	(\$663)
15% Loss Decrease	\$26,164	0.97	-0.03	\$32,161	(\$995)
20% Loss Decrease	\$24,625	0.95	-0.05	\$31,498	(\$1,658)
50% Loss Decrease	\$15,390	0.88	-0.12	\$29,177	(\$3,979)

Estimated premiums are based on the manual premium entered on the Company Setup page: \$33,156



**ModMaster Aggregate Loss Report**  
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Update 10.13 applied  
Page 1

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# Workers Compensation Experience Rating Worksheet

Name **Sample Electric Company**

Effective Date **4/1/2010**

Risk ID

State **FL**

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D-RATIO	PAYROLL	EXPECTED LOSSES	EXP.PRIM LOSSES	CLAIM DATA #	ID IJ	POLICY DATE	ACT. INC. LOSSES	ACT. PRIM. LOSSES

## \*\*\*\* Florida

Policy Period: 04/01/2006 to 04/01/2007

Policy #:

5190	1.810	0.19	2,078,674	37,624	7,149	3	Sm. losses	4/1/06	14,758	14,758
7605	1.120	0.19	48,028	538	102					
8227	1.710	0.17	128,278	2,194	373					
8742	0.180	0.19	112,700	203	39					
8810	0.110	0.23	402,127	442	102					

Policy Period Totals      2,769,807      41,001      7,765      14,758      14,758

Policy Period: 04/01/2007 to 04/01/2008

Policy #:

5190	1.810	0.19	1,222,446	22,126	4,204	3	Sm. losses	4/1/07	12,977	12,977
8227	1.710	0.17	83,593	1,429	243					
8742	0.180	0.19	114,568	206	39					
8810	0.110	0.23	367,318	404	93					

Policy Period Totals      1,787,925      24,165      4,579      12,977      12,977

Policy Period: 04/01/2008 to 04/01/2009

Policy #:

5190	1.810	0.19	1,073,593	19,432	3,692	4	Sm. losses	4/1/08	2,625	2,625
8227	1.710	0.17	83,837	1,434	244					
8742	0.180	0.19	109,056	196	37					
8810	0.110	0.23	273,486	301	69					

Policy Period Totals      1,539,972      21,363      4,042      2,625      2,625

Policy Period: 04/01/2009 to 04/01/2010

Policy #:

5190	1.810	0.19	716,180	12,963	2,463	1	Sm. loss	4/1/09	421	421
8227	1.710	0.17	64,293	1,099	187					
8742	0.180	0.19	96,442	174	33					
8810	0.110	0.23	161,855	178	41					

Policy Period Totals      1,038,770      14,414      2,724      421      421



ModMaster Bureau-Type Report

Prepared on 12/10/2010 at 10:50 AM

File Sample Electric Co. 2010  
Update 10.13 applied  
Page 1

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# Workers Compensation Experience Rating Worksheet

Name **Sample Electric Company**

Effective Date **4/1/2010**

Risk ID

State **FL**

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D-RATIO	PAYROLL	EXPECTED LOSSES	EXP.PRIM LOSSES	CLAIM DATA #	ID IJ	POLICY DATE	ACT. INC. LOSSES	ACT. PRIM. LOSSES

		(D) - (E)			(H) - (I)				
0.14		81,833	100,943	19,110	0	28,400	30,781	30,781	
"W" VALUE		EXPECTED EXCESS	TOTAL EXPECTED	TOTAL EXP. PRIM.	ACTUAL EXCESS	"B" VALUE	TOTAL ACTUAL	TOTAL ACT. PRIM.	
A	B	C	D	E	F	G	H	I	

# Workers Compensation Experience Rating Worksheet

**NAME OF RISK** | **Sample Electric Company**

**RISK ID**  
**STATE FL**

**EFFECTIVE DATE** 4/1/2010

1	2	3	4	5	6	7	8	9	10
CLASS CODE	ELR	D-RATIO	AUDITED PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIM # ID	IJ O F	ACT. INC. LOSSES	ACT. PRIM. LOSSES

(2) x (4) / 100

(3) x (5)

**\*\*\*\*\* Florida**

**Policy Period: 04/01/2006 to 04/01/2007**

**Policy #:**

5190	1.810	0.19	2,078,674	37,624	7,149	3 Sm. losses			14,758	14,758
7605	1.120	0.19	48,028	538	102					
8227	1.710	0.17	128,278	2,194	373					
8742	0.180	0.19	112,700	203	39					
8810	0.110	0.23	402,127	442	102					

<b>Policy Period Totals</b>	<b>2,769,807</b>	<b>41,001</b>	<b>7,765</b>		<b>14,758</b>	<b>14,758</b>
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**Policy Period: 04/01/2007 to 04/01/2008**

**Policy #:**

5190	1.810	0.19	1,222,446	22,126	4,204	3 Sm. losses			12,977	12,977
8227	1.710	0.17	83,593	1,429	243					
8742	0.180	0.19	114,568	206	39					
8810	0.110	0.23	367,318	404	93					

<b>Policy Period Totals</b>	<b>1,787,925</b>	<b>24,165</b>	<b>4,579</b>		<b>12,977</b>	<b>12,977</b>
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**Policy Period: 04/01/2008 to 04/01/2009**

**Policy #:**

5190	1.810	0.19	1,073,593	19,432	3,692	4 Sm. losses			2,625	2,625
8227	1.710	0.17	83,837	1,434	244					
8742	0.180	0.19	109,056	196	37					
8810	0.110	0.23	273,486	301	69					

<b>Policy Period Totals</b>	<b>1,539,972</b>	<b>21,363</b>	<b>4,042</b>		<b>2,625</b>	<b>2,625</b>
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**Policy Period: 04/01/2009 to 04/01/2010**

**Policy #:**

5190	1.810	0.19	716,180	12,963	2,463	1 Sm. loss			421	421
8227	1.710	0.17	64,293	1,099	187					
8742	0.180	0.19	96,442	174	33					
8810	0.110	0.23	161,855	178	41					

<b>Policy Period Totals</b>	<b>1,038,770</b>	<b>14,414</b>	<b>2,724</b>		<b>421</b>	<b>421</b>
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**ModMaster Bureau-Type Report, Format 2**  
**Prepared on 12/10/2010 at 10:50 AM**

**File Sample Electric Co. 2010**  
**Update 10.13 applied**  
**Page 1**

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# Workers Compensation Experience Rating Worksheet

<b>NAME OF RISK</b> <span style="color: blue;">Sample Electric Company</span>	<b>RISK ID</b>  <b>STATE</b> FL	<b>EFFECTIVE DATE</b> 4/1/2010
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1	2	3	4	5	6	7	8	9	10
CLASS CODE	ELR	D- RATIO	AUDITED PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIM # ID	IJ O F	ACT. INC. LOSSES	ACT. PRIM. LOSSES

$(2) \times (4) / 100$        $(3) \times (5)$

		$(D) - (E)$		$(H) - (I)$					
0.14		81,833	100,943	19,110	0	28,400	30,781	30,781	
"W" VALUE		EXPECTED EXCESS	TOTAL EXPECTED	TOTAL EXP. PRIM.	ACTUAL EXCESS	"B" VALUE	TOTAL ACTUAL	TOTAL ACT. PRIM.	
A	B	C	D	E	F	G	H	I	

# Limited loss.

S Subrogation or other special loss.

<div style="border: 1px solid black; padding: 2px; text-align: center;"> <b>16</b>            ARAP  <b>1.00</b>            if applicable         </div>	Experience Modification Calculation	11 PRIMARY LOSSES	12 STABILIZING VALUE	13 RATABLE EXCESS	14 ADJUSTED TOTALS	15 EXP. MOD (J) / (K) <b>1.00</b>
	ACTUAL	(I) 30,781	(C) X (1-W) + (G) 98,776	(A) X (F) 0	J 129,557	
	EXPECTED	(E) 19,110	(C) X (1-W) + (G) 98,776	(A) X (C) 11,457	K 129,343	

\* Rating reflects a decrease of 70% medical only primary and excess loss dollars where ERA is applied, reflected only in totals (F), (H) & (I).

The ARAP surcharge shown is for those states in the rating that have approved the ARAP program. It was calculated based on the general interstate formula and maximum, however, the maximum surcharge may vary by state.



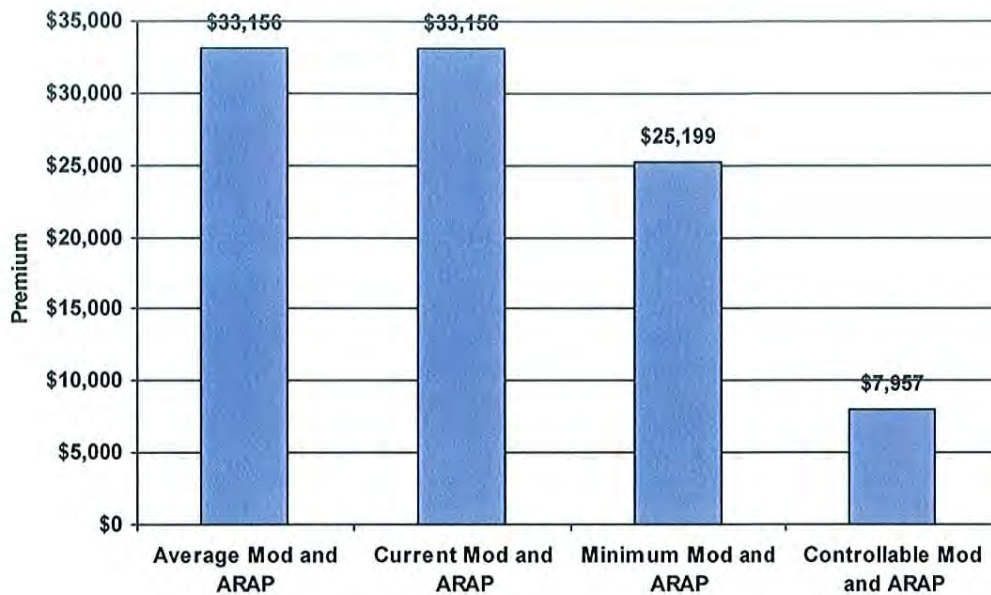
**ModMaster Bureau-Type Report, Format 2**  
 Prepared on 12/10/2010 at 10:50 AM

File Sample Electric Co. 2010  
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 Page 2

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## Combined Mod/ARAP Impact on Premium Analysis

Sample Electric Company



Impact Description	Mod Value	ARAP Value	Premium
Average Mod and ARAP	1.00	1.00	\$33,156
Current Mod and ARAP	1.00	1.00	\$33,156
Minimum Mod and ARAP	0.76	1.00	\$25,199
Controllable Mod and ARAP	0.24	1.00	\$7,957

The premium estimates above would typically apply to certain intrastate (single state) mods and/or to employers who are in the Assigned Risk Pool in their respective states. Use your own knowledge of the employer's risk profile in assessing the applicability of ARAP to the premium.

This report does not reflect the application of any state limitations on the ARAP value. Risks in Massachusetts should refer to the "Massachusetts Mod/ARAP Impact" report.





## Mod Snapshot

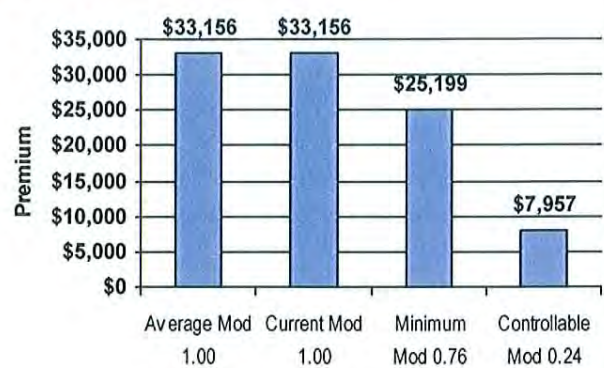
## Sample Electric Company

Effective Date: 4/1/2010

### The Key Numbers

Total Expected Losses	\$100,943
Total Expected Primary Losses	\$19,110
Total Expected Excess Losses	\$81,833
Total Unlimited Losses	\$30,781
Total Limited/Adjusted Losses	\$30,781
Total Actual Primary Losses	\$30,781
Total Actual Excess Losses	\$0
Computed Ballast Value	28400
Computed Weighting Value	0.14
<b>Modification Factor</b>	<b>1.00</b>
ARAP Factor	1.00

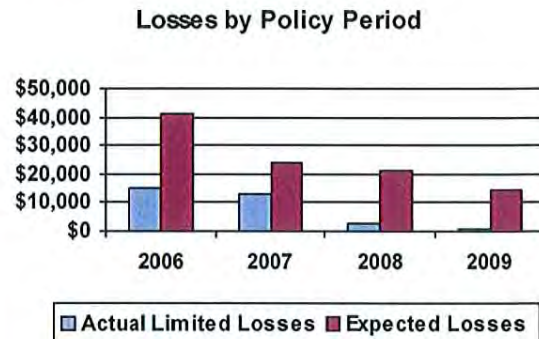
### Mod Breakdown



### Impact of Specific Losses

No large losses were reported.

### Actual vs. Expected Losses



### The Mod Formula

The experience mod formula:

Actual Primary Losses	+	Ballast Value	+	Weighting Value	X	Actual Excess Losses	+	( 1 - Weighting Value )	X	Expected Excess Losses
Expected Primary Losses	+	Ballast Value	+	Weighting Value	X	Expected Excess Losses	+	( 1 - Weighting Value )	X	Expected Excess Losses
= The Mod										

The experience mod calculation with your data:

\$30,781	+	28,400	+	0.14	X	\$0	+	( 1 - 0.14 )	X	\$81,833
\$19,110	+	28,400	+	0.14	X	\$81,833	+	( 1 - 0.14 )	X	\$81,833
= 1.00										



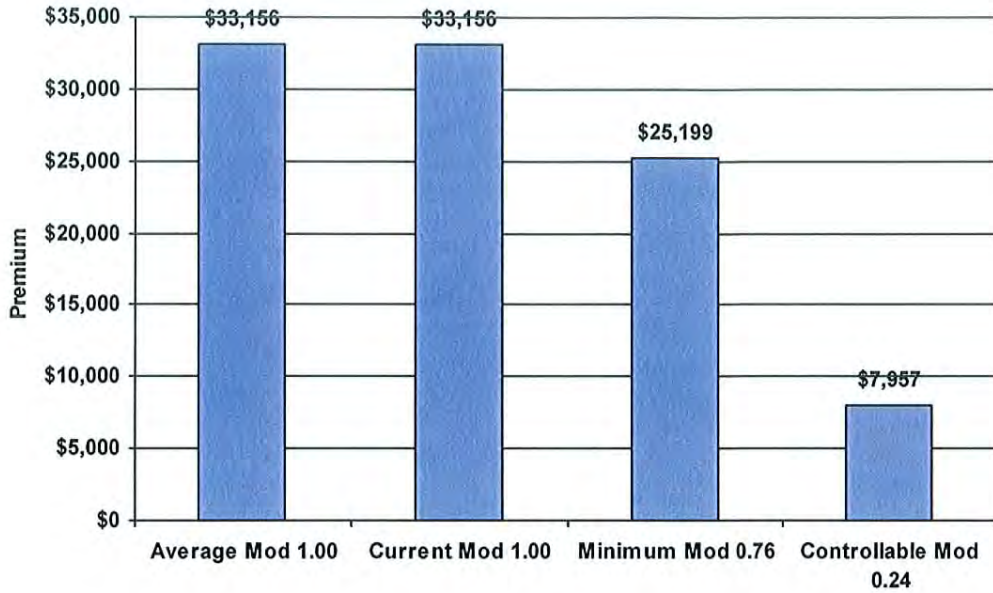
ModMaster Mod Snapshot  
Prepared on 12/10/2010 at 11:00 AM

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Update 10.13 applied  
Page 1

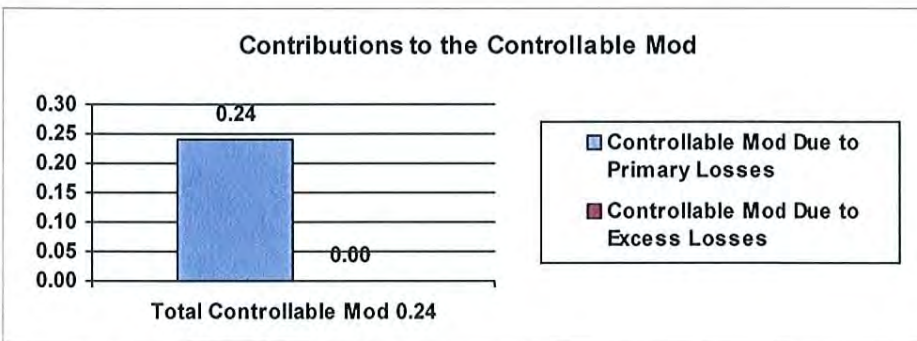
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## Mod Impact on Premium Analysis

Sample Electric Company



Mod Description	Mod Value	Premium
Average Mod	1.00	\$33,156
Current Mod	1.00	\$33,156
Minimum Mod	0.76	\$25,199
Controllable Mod	0.24	\$7,957



ModMaster Mod Impact on Premium Analysis Report

Prepared on 12/10/2010 at 11:00 AM

File Sample Electric Co. 2010

Update 10.13 applied

Page 1

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**Payroll Sensitivity Analysis**

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**Sample Electric Company**

State	Code	Total Payroll	Expected Loss Ratio	Discount Ratio	Estimated Change in Mod for Each \$100,000 Decrease in Payroll
FL	5190	\$5,090,893	1.810	0.190	0.004
FL	8227	\$360,001	1.710	0.170	0.004
FL	7605	\$48,028	1.120	0.190	0.003
FL	8742	\$432,766	0.180	0.190	0.000
FL	8810	\$1,204,786	0.110	0.230	0.000

*\*\* If payrolls decrease and there is no corresponding change in losses, the modification factor will increase.  
Similarly, if payrolls increase and there is no corresponding change in losses, the modification factor will decrease.*



**ModMaster Payroll Sensitivity Analysis**  
**Prepared on 12/10/2010 at 11:00 AM**

**File Sample Electric Co. 2010**  
**Update 10.13 applied**  
**Page 1**

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**Payroll Entry Data Verification**

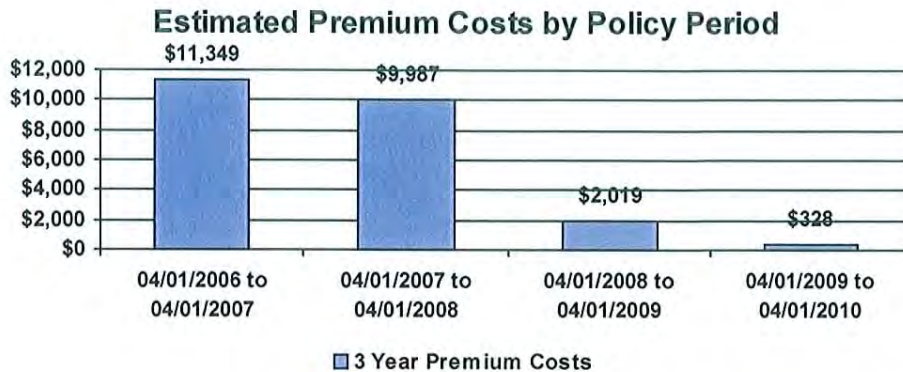
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**Sample Electric Company**

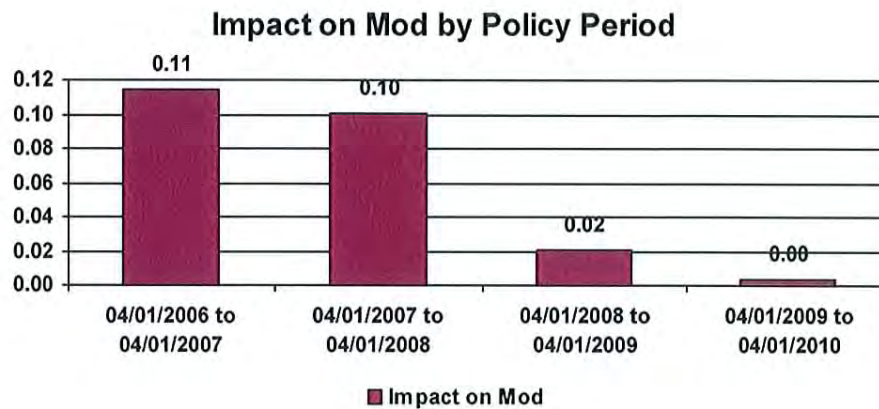
State	Code	04/01/2009 to 04/01/2010	04/01/2008 to 04/01/2009	04/01/2007 to 04/01/2008	04/01/2006 to 04/01/2007
FL	7605	\$0	\$0	\$0	\$48,028
FL	8810	\$161,855	\$273,486	\$367,318	\$402,127
FL	8742	\$96,442	\$109,056	\$114,568	\$112,700
FL	8227	\$64,293	\$83,837	\$83,593	\$128,278
FL	5190	\$716,180	\$1,073,593	\$1,222,446	\$2,078,674
<b>Grand totals</b>		<b>\$1,038,770</b>	<b>\$1,539,972</b>	<b>\$1,787,925</b>	<b>\$2,769,807</b>

**ModMaster Payroll Entry Data Verification****Prepared on 12/10/2010 at 11:00 AM****File Sample Electric Co. 2010****Update 10.13 applied****Page 1**

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\*Three year premium costs are based on a manual premium of \$33,156.



Policy Period	Actual Limited Losses	3 Yr Premium Cost	Impact on Mod
04/01/2006 to 04/01/2007	\$14,758	\$11,349	0.11
04/01/2007 to 04/01/2008	\$12,977	\$9,987	0.10
04/01/2008 to 04/01/2009	\$2,625	\$2,019	0.02
04/01/2009 to 04/01/2010	\$421	\$328	0.00
<b>Totals</b>	<b>\$30,781</b>	<b>\$23,683</b>	<b>0.24</b>



ModMaster True Cost of Loss Analysis  
Prepared on 12/10/2010 at 11:00 AM

File Sample Electric Co. 2010  
Update 10.13 applied  
Page 1

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## Specific Loss Sensitivity Analysis

Sample Electric Company

Premium cost estimates based on manual premium of \$33,156.

State	Date	Actual Loss / Loss Identifier	Limited or Adjusted	Mod w/o Loss	Impact on Mod	Premium Costs		
						1 yr	2 yr	3 yr
Minor/Small Losses								
FL	4/1/2006	\$14,758	\$14,758	0.8876	0.1141	\$3,783	\$7,566	\$11,349
FL	4/1/2007	\$12,977	\$12,977	0.9013	0.1004	\$3,329	\$6,658	\$9,987
FL	4/1/2008	\$2,625	\$2,625	0.9814	0.0203	\$673	\$1,346	\$2,019
FL	4/1/2009	\$421	\$421	0.9984	0.0033	\$109	\$218	\$327
Grand totals		\$30,781	\$30,781		0.2381	\$7,894	\$15,788	\$23,682



ModMaster Specific Loss Detail Report

Prepared on 12/10/2010 at 11:00 AM

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## Specific Loss Sensitivity Analysis

Sample Electric Company

Premium cost estimates based on manual premium of \$33,156.

State	Date	Actual Loss	Limited or Adjusted	Mod w/o Loss	Impact on Mod	Premium Costs		
						1 yr	2 yr	3 yr
Minor/Small Losses								
FL	4/1/2006	\$14,758	\$14,758	0.8876	0.1141	\$3,783	\$7,566	\$11,349
FL	4/1/2007	\$12,977	\$12,977	0.9013	0.1004	\$3,329	\$6,658	\$9,987
FL	4/1/2008	\$2,625	\$2,625	0.9814	0.0203	\$673	\$1,346	\$2,019
FL	4/1/2009	\$421	\$421	0.9984	0.0033	\$109	\$218	\$327
Grand totals		\$30,781	\$30,781		0.2381	\$7,894	\$15,788	\$23,682



ModMaster Specific Loss Report  
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## Loss Summary Report

Sample Electric Company

Premium cost estimates based on manual premium of \$33,156.

State / Claim #	Date	Loss Type	Actual Loss	Primary Loss	Mod w/o Loss	Impact on Mod	Premium Costs	
							1 yr	3 yr
FL	04/01/2006	FREQ	\$14,758	\$14,758	0.8876	0.1141	\$3,783	\$11,349
FL	04/01/2007	FREQ	\$12,977	\$12,977	0.9013	0.1004	\$3,329	\$9,987
FL	04/01/2008	FREQ	\$2,625	\$2,625	0.9814	0.0203	\$673	\$2,019
FL	04/01/2009	FREQ	\$421	\$421	0.9984	0.0033	\$109	\$327
<b>Grand totals</b>			<b>\$30,781</b>	<b>\$30,781</b>		<b>0.2381</b>	<b>\$7,894</b>	<b>\$23,682</b>

### Explanation of Loss Types

- FREQ indicates a non-medical-only loss under the primary/excess split threshold for the applicable state (\$5,000 in most states)
- MED indicates a type 6, medical-only loss
- SEV indicates a non-medical-only loss over the primary/excess split threshold



ModMaster Loss Summary Report  
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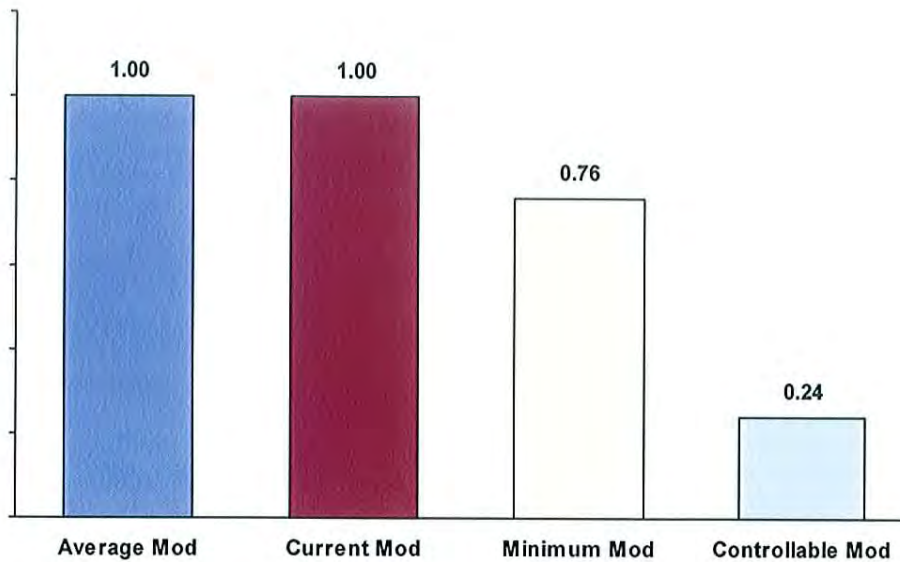


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## Mod Breakdown Analysis

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Sample Electric Company



Mod Description	Mod Value	Description
Average Mod	1.00	An average mod is always a mod of 1.0. In simple terms, a 1.0 occurs when a risk's actual losses equal its expected losses.
Current Mod	1.00	This is your actual mod.
Minimum Mod	0.76	This is the best mod possible if you had no losses during the experience rating period.
Controllable Mod	0.24	This is the amount of mod points you could have avoided if you had no losses.



**ModMaster Mod Breakdown Report**

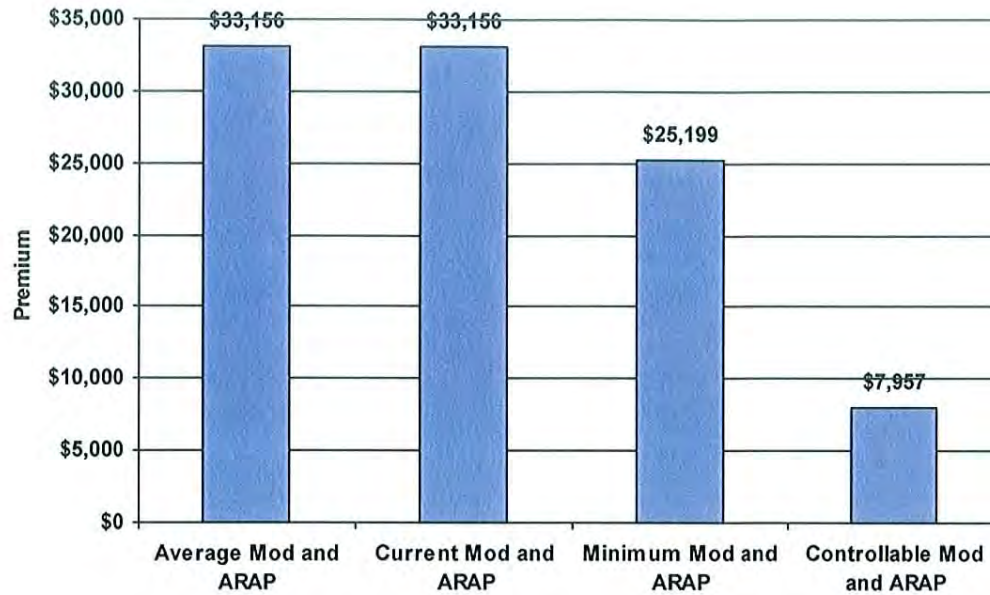
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## Massachusetts Mod/ARAP Impact Analysis

Sample Electric Company



Impact Description	Mod Value	ARAP Value	Premium
Average Mod and ARAP	1.00	1.00	\$33,156
Current Mod and ARAP	1.00	1.00	\$33,156
Minimum Mod and ARAP	0.76	1.00	\$25,199
Controllable Mod and ARAP	0.24	1.00	\$7,957

The premium estimates indicated above are ONLY applicable for the state of Massachusetts. For estimates based on the ARAP prior to any applicable Massachusetts ARAP limitation, refer to the report "Combined Mod/ARAP Impact on Premium."



ModMaster Combined Mod/ARAP Impact on Premium Analysis

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**Modification Calculation Summary**

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**Sample Electric Company**

Effective Date 4/1/2010

EXPECTED LOSSES	Total Expected Losses	\$100,943
	Total Expected Primary Losses	\$19,110
	Total Expected Excess Losses	\$81,833
ACTUAL LOSSES	Total Unlimited Losses	\$30,781
	Total Limited/Adjusted Losses	\$30,781
	Total Actual Primary Losses	\$30,781
	Total Actual Excess Losses	\$0
COMPUTED FACTORS	Computed Ballast Value	28,400
	Computed Weighting Value	0.14
	<b>Modification Factor</b>	<b>1.00</b>
	ARAP Factor	1.00

**The Experience Modification Formula**

Actual Primary Losses	+	Ballast Value	+	Weighting Value X Actual Excess Losses	+	(1 - Weighting Value) X Expected Excess Losses
Expected Primary Losses	+	Ballast Value	+	Weighting Value X Expected Excess Losses	+	(1 - Weighting Value) X Expected Excess Losses

**The Experience Modification Calculation**

\$30,781	+	28,400	+	0.14 X	\$0	+	( 1 - 0.14 ) X	\$81,833	=	<b>1.00</b>
\$19,110	+	28,400	+	0.14 X	\$81,833	+	( 1 - 0.14 ) X	\$81,833		

**Minimum Modification Factor (Mod with No Losses)**

\$0	+	28,400	+	0.14 X	0	+	( 1 - 0.14 ) X	\$81,833	=	<b>0.76</b>
\$19,110	+	28,400	+	0.14 X	\$81,833	+	( 1 - 0.14 ) X	\$81,833		

**ModMaster Summary Report**  
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## Ratio Analysis

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## Sample Electric Company

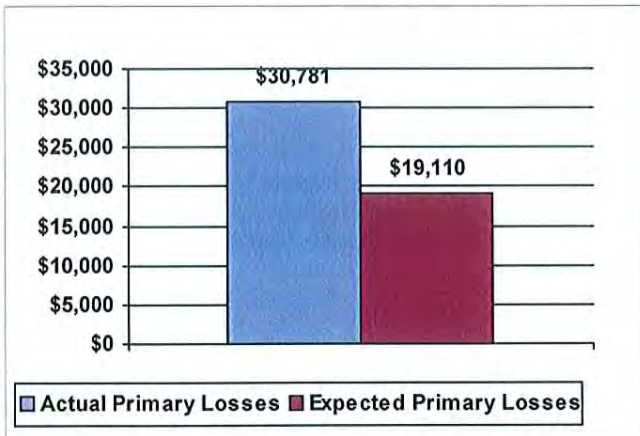
Effective Date: 4/1/2010

Modification Factor: 1.00

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### Frequency of Loss Analysis

Ratio of actual primary losses to expected primary losses: 161.0%

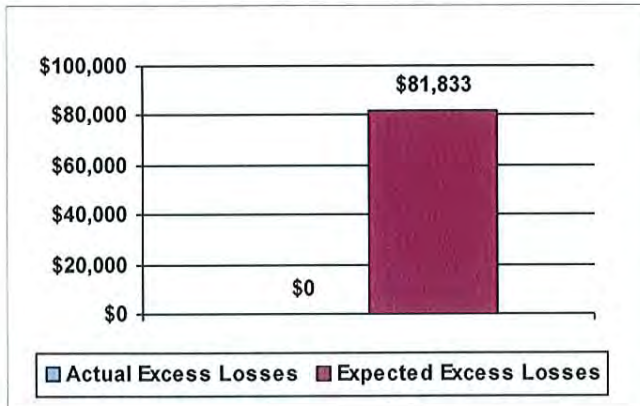


Your company has experienced a level of primary losses that greatly exceeds what is expected. This should demand your immediate attention. Excessive primary losses may indicate a significant problem in your operations and a significant opportunity to lower costs. You should seek the advice of an insurance consultant or loss control expert. This high ratio indicates that your company's workers' compensation frequency greatly exceeds the average company with similar operations.

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### Severity of Loss Analysis

Ratio of actual excess losses to expected excess losses: 0.0%



Your company has experienced much less than expected excess losses. This indicates that your company has excellent control over the severity of workers' compensation losses. Keep up the good work!



**ModMaster Ratio Analysis**

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