

**NORTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM** (Effective 01 Jan 2015)

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

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>	<b>RULE REFERENCE</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]	
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]	3-A-7
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL &H FACTOR)]	3-A-4
	<b>TOTAL MANUAL PREMIUM</b>		
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]	3-A-21
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]	3-A-13-b (1)
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]	3-A-13-b
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]	3-A-13-b (4)
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]	Carrier files for charge
-	Deductible credit	[% applied to Total Manual Premium]	5-E
	<b>TOTAL SUBJECT PREMIUM</b>		
x	Experience Modification		Experience Rating Plan Manual
	<b>TOTAL MODIFIED PREMIUM</b>		
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)		Carrier files for charge
+	Supplemental Disease Exposure (Asbestos, NOC)[†]		3-A-7
+	Atomic Energy Radiation Exposure NOC[†]		3-A-7
+	Charge for nonratable catastrophe loading[†]		3-A-16
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]	N/A
+	Balance to Minimum Premium (Admiralty, FELA)		N/A
	<b>TOTAL STANDARD PREMIUM [‡]</b>		
-	Premium Discount[§]	[% applied to Standard Premium]	3-A-18
+	Coal Mine Disease Charge	[Surface and other than mining]	3-A-12
+	Expense Constant		3-A-11
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]	3-A-23
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]	3-A-23
	<b>ESTIMATED ANNUAL PREMIUM</b>		

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

[\$] For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

NOC = Not Otherwise Classified.

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

[<sup>1</sup>] The above rating method would be used in absence of independent carrier filings.