

SERFF Tracking Number: FEMC-125767964 State: Arkansas
First Filing Company: Federated Mutual Insurance Company, ... State Tracking Number: EFT \$50
Company Tracking Number: WC-AR-08-8
TOI: 16.0 Workers Compensation Sub-TOI: 16.0001 Alternative WC
Product Name: Workers Compensation
Project Name/Number: WC-AR-08-8/WC-AR-08-8

Filing at a Glance

Companies: Federated Mutual Insurance Company, Federated Service Insurance Company

Product Name: Workers Compensation SERFF Tr Num: FEMC-125767964 State: Arkansas
TOI: 16.0 Workers Compensation SERFF Status: Closed State Tr Num: EFT \$50
Sub-TOI: 16.0001 Alternative WC Co Tr Num: WC-AR-08-8 State Status: Fees verified and received
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Carol Stiffler
Author: Carolyn Stursa Disposition Date: 08/26/2008
Date Submitted: 08/08/2008 Disposition Status: Approved
Effective Date Requested (New): 11/01/2008 Effective Date (New): 11/01/2008
Effective Date Requested (Renewal): 11/01/2008 Effective Date (Renewal):

State Filing Description:

General Information

Project Name: WC-AR-08-8 Status of Filing in Domicile:
Project Number: WC-AR-08-8 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 08/26/2008
State Status Changed: 08/15/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:

We are filing revised endorsements for our Agreed Reimbursement and Retrospective Rating Plans. After having these plans in place now for a couple years, we felt some changes needed to be made with regards to the endorsement wording to simplify and clarify the intent. Also, we needed to assign a new number to some endorsements for internal reasons. Otherwise, no change to the intent of the endorsement that is currently approved by your department.

We wish to implement this filing for all workers compensation policies effective on and after November 1, 2008.

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We respectfully request your approval of these revised endorsements.

Company and Contact

Filing Contact Information

Carolyn Stursa, Property & Casualty Product Specialist
 cmstursa@fedins.com
 121 E Park Square (800) 533-0472 [Phone]
 Owatonna, MN 55060 (507) 444-6691[FAX]

Filing Company Information

Federated Mutual Insurance Company	CoCode: 13935	State of Domicile: Minnesota
121 East Park Square	Group Code: 7	Company Type:
PO Box 328		
Owatonna, MN 55060	Group Name:	State ID Number:
(800) 533-0472 ext. [Phone]	FEIN Number: 41-0417460	

Federated Service Insurance Company	CoCode: 28304	State of Domicile: Minnesota
121 East Park Square	Group Code: 7	Company Type:
PO Box 328		
Owatonna, MN 55060	Group Name:	State ID Number:
(800) 533-0472 ext. [Phone]	FEIN Number: 41-0984698	

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Federated Mutual Insurance Company	\$50.00	08/08/2008	21861637
Federated Service Insurance Company	\$0.00	08/08/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	08/26/2008	08/26/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Carol Stiffler	08/18/2008	08/18/2008	Carolyn Stursa	08/25/2008	08/25/2008
Pending Industry Response	Carol Stiffler	08/14/2008	08/14/2008	Carolyn Stursa	08/18/2008	08/18/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Agreed reimbursement vs. Large Deductible	Note To Filer	Carol Stiffler	08/11/2008	

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Disposition

Disposition Date: 08/26/2008
Effective Date (New): 11/01/2008
Effective Date (Renewal):
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	Response Letter	Approved	Yes
Form	Retrospective Premium Endorsement - Multiple Lines	Approved	Yes
Form	Retrospective Premium Endorsement - Short Form	Approved	Yes
Form	Agreed Reimbursement Endorsement - Short Form	Approved	Yes
Form	Agreed Reimbursement Composite Rate Endorsement	Approved	Yes
Form	Agreed Reimbursement Endorsement	Approved	Yes

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Project Name/Number: WC-AR-08-8/WC-AR-08-8

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/18/2008

Submitted Date 08/18/2008

Respond By Date

Dear Carolyn Stursa,

Objection 1

- Agreed Reimbursement Endorsement - Short Form (Form)
- Agreed Reimbursement Composite Rate Endorsement (Form)
- Agreed Reimbursement Endorsement (Form)

Comment: Bulletin 17-99 deals with workers' compensation large deductible policies. I have attached a copy of the bulletin and a copy of my checklist (for your convenience) which shows what is required for rates/rules and what is required on forms. The checklist corresponds with the bulletin. Each of these forms must meet these criteria or you must confirm that at a form on the policy will meet these criteria.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

SERFF Tracking Number: *FEMC-125767964* *State:* *Arkansas*
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Product Name: *Workers Compensation*
Project Name/Number: *WC-AR-08-8/WC-AR-08-8*

Attachment "Lg Deductible checklist.doc" is not a PDF document and cannot be reproduced here.



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

1200 West Third Street
Little Rock, AR 72201-1904
501-371-2820
FAX 501-371-2629

BULLETIN 17-99

December 13, 1999

**TO: ACCOUNTING AND UNDERWRITING DEPTS. OF WORKERS' COMPENSATION
INSURERS**

FROM: ARKANSAS INSURANCE DEPARTMENT

**GUIDELINES FOR IMPLEMENTATION OF "LARGE DEDUCTIBLE" WORKERS COMPENSATION
PROGRAMS**

Under the provisions of Ark. Code Ann. §23-67-219, this Department has the authority to approve or disapprove "rating plans" of carriers as they relate to workers compensation and employers liability insurance. This authority over rating plans includes the right to approve or to disapprove large deductible workers' compensation programs.

Following are the criteria or "guidelines" that the Property and Casualty Division will apply in reviewing such filings by rate service organizations or by individual workers' compensation carriers, viz:

1. Deductibles may be offered in such amounts and ranges as the carrier may desire and for which it obtains approval from the Department. All available deductibles must be displayed in the rules manual.
2. Carriers must make a reasonable financial examination of the employer desiring a large deductible program by requiring a financial statement acceptable to the insurer of the employer's most recently completed fiscal year in order to determine whether the employer is fiscally sound and responsible enough to bear the economic burdens of such a program. A follow-up financial examination must be performed before any such program may be renewed beyond the initial term. No term may exceed one year. The filing must contain a description of the financial assurance the carrier intends to require.
3. Carriers must receive irrevocable financial guarantees of indubitable value and unquestionable right of recourse. Such guarantees must be provided by the employer and placed under the sole control of the carrier in a sum equal to no less than *three* months of the carrier's *bona fide*, reasonable anticipated claim exposure posed by the particular risk. The financial guarantee must consist of:
 - (i) cash;
 - (ii) securities designated by the securities Valuation office of the National Association of Insurance Commissioners as Class 1 or Class 2;
 - (iii) an irrevocable letter of credit from a State or Federally-chartered banking institution that is insured by the Federal Deposit Insurance Corporation, which said banking institution may not have any affiliation or common ownership with the employer risk; or
 - (iv) certificates of deposit issued by banking institutions as delimited above, which said certificates must either be issued in the name of the carrier or be properly endorsed and assigned to the carrier.
4. The minimum premium requirement for program eligibility shall be shown in the submission .
5. If the ratings procedure to be used by the carrier is to be translated into tabular values to assist underwriters, that table must be submitted to the Department as well.
6. The program shall set forth precisely how the premium shall be calculated.

7. The deductible amount shall be prominently set forth on the policy declaration page.
8. The program, and each policy issued thereunder must clearly state that all claims, beginning with the first dollar, will be paid by the carrier and that the employer shall reimburse the carrier for all amounts within the deductible no later than thirty (30) days from the billing therefor.

Since failure to reimburse deductible amounts has the same effect as not paying premium, the carrier shall issue a ten (10) day notice of cancellation *of the policy* as required by Ark. Code Ann. §11-9-408(b)(2) if any employer does not re-pay any sums within the deductible within the required period. The carrier may *not* apply any part of the deposit discussed in paragraph 3 above to the payment of premium or the reimbursement of deductible.

9. The program and policies must clearly state that the carrier shall handle and administer all claims even within the deductible amount and that the carrier will be responsible to and have the right to defend all claims, even within the deductible amount.
10. The program and policies issued thereunder must specifically state that *all claims* must be reported and paid by the carrier regardless of the amount thereof.
11. All traditional premium and claim statistical reporting will be made to the National Council on Compensation Insurance on these policies just as it is on all other workers compensation policies.
12. It has come to our attention that there has been some confusion on how workers' compensation premiums are to be reported on "Schedule WC --Computation Of Annual Workers' Compensation Commission Taxes" included in your Annual Statement packet. The definition of Written Manual Premium given on this form was written in 1983 before many of the changes common to workers' compensation programs were implemented. We want to clarify this definition for today's users.

The definition on Schedule WC is: "Written manual premium shall mean premium produced in given year by the manual rates in effect during the experience period and shall exclude the premium produced by the expense constant. Further, written manual premium for the purpose of this law means premium before any allowable deviated discounts, any experience rating modification, any premium discount, any reinsurance or deductible arrangement as common with fronting carrier, any dividend consideration or other trade discount."

Written manual premium is the premium calculated by using the [**payroll divided by 100**] **multiplied by the company's filed rates** (not loss costs). It does **not** include expense constants, or any other modification (experience modifiers, credits, debits, deductibles, etc).

<u>EXAMPLE</u>	
Payroll	= \$90,000
Rate	= 1.50
<u>\$90,000</u>	x 1.50 = \$1,350
100	

Any questions regarding this Bulletin or the implementation of a large deductible program shall be directed to either Carol Stiffler at 501-371-2807 or by E-mail at carol.stiffler@mail.state.ar.us.

MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/25/2008
Submitted Date 08/25/2008

Dear Carol Stiffler,

Comments:

Response 1

Comments: Dear Carol Stiffler,

See attached response memo under the Supporting Document Tab, listed as Response Memo.

Thank you,
Carolyn Stursa

Related Objection 1

Applies To:

- Agreed Reimbursement Endorsement - Short Form (Form)
- Agreed Reimbursement Composite Rate Endorsement (Form)
- Agreed Reimbursement Endorsement (Form)

Comment:

Bulletin 17-99 deals with workers' compensation large deductible policies. I have attached a copy of the bulletin and a copy of my checklist (for your convenience) which shows what is required for rates/rules and what is required on forms. The checklist corresponds with the bulletin. Each of these forms must meet these criteria or you must confirm that at a form on the policy will meet these criteria.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response Letter

Comment: Response Letter states we are in compliance with Bulletin 17-99.

No Form Schedule items changed.

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Product Name: *Workers Compensation*
Project Name/Number: *WC-AR-08-8/WC-AR-08-8*

No Rate/Rule Schedule items changed.

Sincerely,
Carolyn Stursa

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/14/2008

Submitted Date 08/14/2008

Respond By Date

Dear Carolyn Stursa,

This will acknowledge receipt of the captioned filing.

Please explain what the difference is between an agreed reimbursement and a large deductible policy is.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

Response Letter

Response Letter Status Submitted to State

Response Letter Date 08/18/2008

Submitted Date 08/18/2008

Dear Carol Stiffler,

Comments:

Response 1

Comments: Carol Stiffler,

There is no difference between the Agreed Reimbursement and Large Deductible. We preferred to refer to it as Agreed Reimbursement because we felt that described the plan better and made it clearer that the insured would need to reimburse Federated after we make a payment.

Sincerely,

Carolyn Stursa

Changed Items:

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No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Carolyn Stursa

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Note To Filer

Created By:

Carol Stiffler on 08/11/2008 11:00 AM

Subject:

Agreed reimbursement vs. Large Deductible

Comments:

How is an agreed reimbursement policy different from a large deductible?

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Retrospective Premium Endorsement - Multiple Lines	WC 99 05 01	04-08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 WC 99 05 01 (09-06) Previous Filing #:		WC 99 05 01 Retrospective Premium Endorsement - Multiple Lines.pdf
Approved	Retrospective Premium Endorsement - Short Form	WC 99 05 02	04-08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 WC 99 05 02 (09-06) Previous Filing #:		WC 99 05 02 Retrospective Premium Endorsement - Short Form.pdf
Approved	Agreed Reimbursement Endorsement - Short Form	WC 99 06 17	04-08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 WC 99 06 17 (09-06) Previous Filing #:		WC 99 06 17 Agreed Reimbursement Endorsement - Short Form.pdf
Approved	Agreed Reimbursement Composite Rate Endorsement	WC 99 06 18	04-08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 WC 99 06 18 (09-06) Previous Filing #:		WC 99 06 18 Agreed Reimbursement Composite Rate Endorsement.pdf
Approved	Agreed Reimbursement Endorsement	WC 99 06 19	04-08	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 WC 99 06 19 (09-06) Previous Filing #:		WC 99 06 19 Agreed Reimbursement Endorsement.pdf

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY.**RETROSPECTIVE PREMIUM ENDORSEMENT - MULTIPLE LINES**

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of

Policy No. _____

Issued to _____

Issued by _____

Endorsement No. _____

Authorized Representative

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. the premium for the insurance subject to retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium, and
2. the premium for the insurance not subject to retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.

The amount of retrospective premium depends on five standard elements and two elective elements.

A. Retrospective Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with exceptions. Standard premium does not include the expense constant charge, the premium discount credit, terrorism charge, surcharges or any other expense modification.
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium and is guaranteed.
3. Incurred losses are all amounts we pay or estimate we will pay for losses and the following expenses:
 - a. premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, auto physical damage, garage physical damage, garagekeepers or crime insurance;
 - b. interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage, garage physical damage, garagekeepers or crime insurance;
 - c. allocated loss adjustment expenses;
 - d. expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party.
4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.

5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It may vary by state and line of insurance. For workers compensation and employers liability insurance, it may vary by Federal and non-Federal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Premium Elective Elements

Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amounts of the incurred loss to be included in the retrospective premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium.

Excess loss premium factors may vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors may also vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective premium for workers compensation and employers liability insurance, and the first four calculations for crime, business auto, garage and general liability insurance. The premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.

For workers compensation and employers liability insurance, retrospective development factors may vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. For crime, business auto, garage and general liability insurance, retrospective development factors vary by first, second, third and fourth calculations of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Premium Formula

Insurance coverage part(s) or policy(ies) selected in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.
2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum premium factors shown in the Schedule to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Premium Calculations and Payments

1. We will calculate the retrospective premium using all incurred losses we have as of a date six months after the rating plan period ends and annually thereafter.

We may make a special valuation of the retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due us if the retrospective premium is more than the total standard premium as of the special valuation date.

2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.
3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.

E. Work in Other States

If any of the policies provide insurance in a state not listed in the Schedule, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined actuarially, and added to the Schedule by endorsement.

F. Cancellation

1. If any insurance subject to this endorsement is canceled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
2. If we cancel for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.
3. If you cancel, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This premium will be the minimum retrospective premium and will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

4. Section F.3. will not apply if you cancel because:
 - a. all work covered by the insurance is completed;
 - b. all interest in the business covered by the insurance is sold; or
 - c. you retire from all business covered by the insurance.

Schedule

Premium Subject to Retrospective Rating, Retrospective Rating Limits, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors.

1. The premium for the coverage part(s) or policy(ies) selected below combined is to be computed in accordance with the provisions of this Retrospective Premium Endorsement:

- COMMERCIAL PACKAGE POLICY (only selected coverage parts):
- Commercial Crime Coverage Part (CR-F-1, Insuring Agreements 3, 4, 5)
 - Commercial General Liability Coverage Part
 - Business Auto Coverage Part - Section II - Liability Coverage
 - Business Auto Coverage Part - Section III - Physical Damage Coverage
 - Business Auto Coverage Part - Garagekeepers Coverage
 - Garage Coverage Part - Section II - Liability Coverage
 - Garage Coverage Part - Section III - Garagekeepers Coverage
 - Garage Coverage Part - Section IV - Physical Damage Coverage
- WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
- EMPLOYMENT RELATED PRACTICES LIABILITY POLICY
- LIQUOR LIABILITY POLICY
- POLLUTION LIABILITY POLICY
- BUSINESS ERRORS AND OMISSIONS POLICY
- PRINTERS ERRORS AND OMISSIONS POLICY

2. The plan applies in the state(s) of: _____

3. The plan does not apply to the premium for:

in the states of _____

- 4. The plan does not apply to the premium for Terrorism if afforded under the selected coverage part(s) or policy(ies) selected in Paragraph 1.
- 5. The premium for the coverage part(s) or policy(ies) selected in Paragraph 1 above, except for coverage part(s) or policy(ies) selected with a Loss Limitation in Paragraph 6, for insurance in excess of the Retrospective Rating Limit(s) stated below will not be subject to retrospective rating. The Retrospective Rating Limit will apply as follows to the coverage part(s) or policy(ies) selected below by showing a limit.

COMMERCIAL PACKAGE POLICY (only selected coverage parts):

- Commercial General Liability Coverage Part _____
- Business Auto Coverage Part - Section II - Liability Coverage _____
- Garage Coverage Part - Section II - Liability Coverage _____

EMPLOYMENT RELATED PRACTICES LIABILITY POLICY _____

LIQUOR LIABILITY POLICY _____

POLLUTION LIABILITY POLICY _____

BUSINESS ERRORS AND OMISSIONS POLICY _____

PRINTERS ERRORS AND OMISSIONS POLICY _____

The incurred losses to be included in computing the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses which is in excess of the Retrospective Rating Limit(s) stated above, but that part of the insured losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses and expenses incurred in seeking recovery against a third party will not be subject to such limits.

6. A Loss Limitation will apply as follows to the coverage part(s) or policy(ies) selected below by showing a limit.

COMMERCIAL PACKAGE POLICY

- Commercial Crime Coverage Part (CR-F-1, Insuring Agreements 3, 4, 5) _____
- Business Auto Coverage Part - Section III - Physical Damage Coverage _____
- Business Auto Coverage Part - Garagekeepers Coverage _____
- Garage Coverage Part - Section III - Garagekeepers Coverage _____
- Garage Coverage Part - Section IV - Physical Damage Coverage _____

WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY _____

7. A Combination Loss Limitation of _____ is the over all limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance:

8. The Loss Conversion Factor

9. The Minimum Retrospective Premium Factor is _____
The Maximum Retrospective Premium Factor is _____

10. The correctly calculated basic premium factor for 100% of the estimated standard premium shall be used for each calculation of retrospective premium.

Estimated Standard Premium _____
Basic Premium Factor _____

TABLE OF FACTORS

11.A Excess Loss Premium Factors		11.B Excess Loss Premium Factors		
Workers Compensation And Employers Liability				
State (Other than "F" Classes)	Federal ("F" Classes Only)	Auto Physical Damage	Garagekeepers	Crime

12.A Tax Multipliers		12.B Tax Multipliers		
Workers Compensation And Employers Liability				
State (Other than "F" Classes)	Federal ("F" Classes Only)	General Liability, Crime and all Miscellaneous Policies selected on Page 3, Item 1 of this endorsement	Automobile and Garage Liability	Automobile and Garage Physical Damage

13.A Retrospective Development Factors		
Workers Compensation and Employers Liability		
1 st	2 nd	3 rd

13.B Retrospective Development Factors							
General Liability				Automobile Liability			
1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY.

RETROSPECTIVE PREMIUM ENDORSEMENT - SHORT FORM

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of

Policy No. _____

Issued to _____

Issued by _____

Endorsement No. _____

Authorized Representative

This endorsement modifies the insurance under the policy shown below.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

The premium for this policy will be determined by the Retrospective Premium Endorsement forming a part of policy number _____.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY.

AGREED REIMBURSEMENT ENDORSEMENT - SHORT FORM

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of

Policy No.

Issued to

Issued by

Endorsement No.

Authorized Representative

This endorsement modifies the insurance under the policy shown below.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

The premium for this policy will be determined by the Agreed Reimbursement Endorsement forming a part of policy number _____.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY.

AGREED REIMBURSEMENT COMPOSITE RATE ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of

Policy No.

Issued to

Issued by

Endorsement No.

Authorized Representative

This endorsement modifies the insurance under the policy shown below:

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

The premium for this policy will be computed on a composite basis as shown below in accordance with our rules, rates, rating plans, premiums and minimum premiums and other policy terms. The exposure, premium basis and rate section of the policy declarations is changed to apply as follows:

Exposure Type	Exposure	Rate	Premium
----------------------	-----------------	-------------	----------------

Total _____

Examination of Your Books and Records

1. We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
2. We will compute all premiums for this policy in accordance with our rules and rating plan.
3. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
4. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

AGREED REIMBURSEMENT ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of

Policy No. _____

Issued to _____

Issued by _____

Endorsement No. _____

Authorized Representative

This endorsement only modifies the insurance under the coverage part(s) or policy(ies) selected below that are shown with a Reimbursement Amount.

COMMERCIAL PACKAGE POLICY (only selected coverage parts):	Reimbursement Amount	Loss Conversion Factor
Commercial Crime Coverage Part (CR-F-1, Insuring Agreements 3, 4, 5)	_____	_____
Commercial General Liability Coverage Part	_____	_____
Business Auto Coverage Part - Section I - Liability Coverage	_____	_____
Business Auto Coverage Part - Section II - Physical Damage Coverage	_____	_____
Business Auto Coverage Part - Garagekeepers Coverage	_____	_____
Garage Coverage Part - Section II - Liability Coverage	_____	_____
Garage Coverage Part - Section III - Garagekeepers Coverage	_____	_____
Garage Coverage Part - Section IV - Physical Damage Coverage	_____	_____
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY	_____	_____
EMPLOYMENT RELATED PRACTICES LIABILITY POLICY	_____	_____
LIQUOR LIABILITY POLICY	_____	_____
POLLUTION LIABILITY POLICY	_____	_____
BUSINESS ERRORS AND OMISSIONS POLICY	_____	_____
PRINTERS ERRORS AND OMISSIONS POLICY	_____	_____

Under this endorsement you agree to reimburse us for payments made by us for "Losses", "Allocated Loss Adjustment Expenses" and "Federated Loss Expense." The amounts you agree to reimburse us are detailed in this endorsement.

Agreed Reimbursement

We will make payment for the first dollar of each "Loss" and then seek reimbursement from you. If we make a payment for any "Loss", you agree to reimburse us for that payment. Any coinsurance or other condition that reduces the amounts payable by us under these coverage part(s) or policy(ies) will not contribute in any way to your obligation to reimburse us up to the Reimbursement Amount.

You also agree to reimburse us for all payments of "Allocated Loss Adjustment Expenses" made by us. The amounts you agree to reimburse us apply separately to the coverage part(s) or policy(ies) selected above. You must reimburse us for all payments of "Losses" and "Allocated Loss Adjustment Expenses" up to the Reimbursement Amount for each "Loss", subject to the Policy Period Aggregate Reimbursement Amount.

You also agree to reimburse us for "Federated Loss Expense". Any reimbursement made by you for "Federated Loss Expense" will not be credited to the Reimbursement Amount or Policy Period Aggregate Reimbursement Amount.

Payment Of Reimbursement Amount - Your Duties

You must pay to us the amounts due under this endorsement immediately upon our notification to you that we have made payment within the Reimbursement Amount.

The Named Insured identified in the Declarations and/or Information Page agrees and is required to pay all amounts payable under the terms of this endorsement. The Named Insured identified in the Declarations and/or Information Page and any other person or organization qualifying as a Named Insured is jointly and severally liable for all amounts payable under the terms of this endorsement.

If you fail to perform any of your duties under this endorsement, we may take any reasonable steps necessary to protect our interest, including the following:

We may cancel the policy(ies) to which this endorsement applies by mailing or delivering written notice to you in accordance with the applicable state cancellation provisions of the policy(ies).

We may also exercise our option to draw upon the full extent of any letter of credit or any other securities held for the benefit of us. Any funds withdrawn may be applied by us to your outstanding obligations to us, or may be held by us for any future obligation under the policy(ies).

If this Endorsement is removed by the mutual agreement of both parties, the premium of the coverage part(s) or policy(ies) to which the endorsement applies will be recalculated removing credit for the Agreed Reimbursement Amount. You will be responsible for such additional premium. We may, at our option, draw from any letter of credit or any other securities held for our benefit and apply such funds to premium owing on the policy(ies).

Conversion from a Paid Loss to Incurred Loss Basis

Your obligation to reimburse us for a payment of any "Loss" or for "Allocated Loss Adjustment Expenses" will convert from a paid loss basis to an incurred loss basis for "Losses" at the earlier of four and one half years (54 months) from the effective date of this policy or the date after the expiration of the policy when outstanding claim reserves for all claims under all coverage part(s) or policy(ies) selected above are less than \$100,000. After conversion, you must reimburse us for "Losses" and "Allocated Loss Adjustment Expenses" immediately upon our notification to you that those obligations have been incurred rather than as the "Losses" or "Allocated Loss Adjustment Expenses" are paid by us.

Work in Other States

If you begin work in a state during the rating plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis.

Premium Discount

The variations in our acquisition, issuance and service expenses, recognized by a premium discount, are incorporated into the factors used to compute the premium under this plan.

How this Endorsement Affects Your Limits of Coverage

The applicable limits of liability of the coverage part(s) or policy(ies) selected above shall include the Reimbursement Amount. The payment of "Allocated Loss Adjustment Expenses" or "Federated Loss Expense" shall not affect the limits of liability.

Definitions

When used in this endorsement, these terms have the following meanings:

"Loss" or "Losses" means any accident, occurrence, event, or any other incident which leads to an obligation by us to pay damages and/or benefits to you, or to others on your behalf, under the terms of any of the coverage part(s) or policy(ies) selected above.

"Loss Reimbursement Per Employee" shall mean the amount paid on a combined basis for Workers Compensation and Employers Liability indemnity and medical benefits, and "Allocated Loss Adjustment Expenses" for each employee because of bodily injury by disease to any one employee to which this insurance applies.

"Allocated Loss Adjustment Expenses" means all expenses incurred that are directly attributable to a specific "Loss" and includes, but is not limited to, all payments of settlement, costs of investigation, court costs, attorney fees, prejudgment or preverdict interest, defense costs or other supplemental payments as may be required by law or by any of the coverage part(s) or policy(ies) selected above.

"Federated Loss Expense" means the amount calculated by applying the Loss Conversion Factor shown on page 1 to all payments of "Losses" and "Allocated Loss Adjustment Expenses" for each coverage part or policy in which a payment was made.

<i>SERFF Tracking Number:</i>	<i>FEMC-125767964</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Federated Mutual Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>WC-AR-08-8</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0001 Alternative WC</i>
<i>Product Name:</i>	<i>Workers Compensation</i>		
<i>Project Name/Number:</i>	<i>WC-AR-08-8/WC-AR-08-8</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: FEMC-125767964 State: Arkansas
First Filing Company: Federated Mutual Insurance Company, ... State Tracking Number: EFT \$50
Company Tracking Number: WC-AR-08-8
TOI: 16.0 Workers Compensation Sub-TOI: 16.0001 Alternative WC
Product Name: Workers Compensation
Project Name/Number: WC-AR-08-8/WC-AR-08-8

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty
Review Status: Approved 08/26/2008

Comments:
The forms are attached to the Form Schedule Tab.

Satisfied -Name: Cover Letter
Review Status: Approved 08/26/2008

Comments:
Attachment:
Cover Letter.pdf

Satisfied -Name: Response Letter
Review Status: Approved 08/26/2008

Comments:
Response Letter states we are in compliance with Bulletin 17-99.
Attachment:
Response to Objection Letter of 8-18-08.pdf

August 8, 2008

ARKANSAS

**FEDERATED MUTUAL INSURANCE COMPANY
FEDERATED SERVICE INSURANCE COMPANY
Workers Compensation & Employers Liability**

- Revised Agreed Reimbursement Endorsement – Short Form WC 99 06 17 (04-08)
- Revised Agreed Reimbursement Composite Rate Endorsement WC 99 06 18 (04-08)
- Revised Agreed Reimbursement Endorsement WC 99 06 19 (04-08)
- Revised Retrospective Premium Endorsement – Multiple Lines WC 99 05 01 (04-08)
- Revised Retrospective Premium Endorsement – Short Form Endorsement WC 99 05 02 (04-08)

Federated Filing Number: WC-AR-08-8

We are filing revised endorsements for our Agreed Reimbursement and Retrospective Rating Plans. After having these plans in place now for a couple years, we felt some changes needed to be made with regards to the endorsement wording to simplify and clarify the intent. Also, we needed to assign a new number to some endorsements for internal reasons. Otherwise, no change to the intent of the endorsement that is currently approved by your department.

We wish to implement this filing for all workers compensation policies effective on and after November 1, 2008.

We respectfully request your approval of these revised endorsements.

Thank you,



Carolyn Stursa
P & C Product Specialist
Federated Mutual Insurance Company
Federated Service Insurance Company
1-800-533-0472 Ext: 5290

Response to Objection Letter submitted on 8-18-2008:

Bulletin 17-99

7. The Deductible (Agreed Reimbursement) amount is shown near the top of the Agreed Reimbursement Endorsement WC 99 06 19 in a section that stands out and is separate from the policy wording.
8. On page 1 of the Agreed Reimbursement Endorsement WC 99 06 19 under the 'Agreed Reimbursement' heading, the first line mentions that we will make payment for the first dollar of loss. With respect to the employer reimbursing within 30 days, on page 3 of the same endorsement under the 'Payment of Reimbursement Amount - Your Duties' the first sentence mentions that "you must pay to us the amounts due under this endorsement immediately upon our notification to you that we have made payment within the Reimbursement Amount." As far as failure to reimburse, we address that in the same section, the third paragraph and the first indented paragraph by following the applicable state cancellation provisions of the policy if the insured fails to perform any of their duties, one of which is prompt reimbursement of amounts due under the endorsement.
9. With regards to the carrier handling all claims, we felt that is clearly addressed in the Workers Compensation and Employers Liability Insurance Policy WC-F-4 under Part Four - Your Duties If Injury Occurs, the first sentence. The right and duty to defend is in the same endorsement under Part One - Workers Compensation Insurance, Part C - We Will Defend.
10. Regarding the policy stating that all claims must be reported to and paid by the carrier, we felt this is addressed in the Workers Compensation and Employers Liability Insurance Policy WC-F-4 under Part Four - Your Duties If Injury Occurs, the first sentence.
11. We are confused as to why wording with regards to traditional premium and statistical reporting must be made to the NCCI needs to be included in the policy. We understand and agree with the requirement and have it in our rules, but are unsure of the need for it in the policy.