

**ASSIGNED RISK ADJUSTMENT PROGRAM ENDORSEMENT**

This endorsement is attached to your policy and incorporates the following additional provisions into Part Five (Premium) of your policy because one or more of the states shown in Item 3.A. of the Information Page have approved the Assigned Risk Adjustment Program (ARAP). ARAP adds a surcharge to the premium of assigned risk employers who meet the criteria of ARAP.

The application of ARAP is mandatory and shall apply to all assigned risk policies written in approved jurisdictions who meet the criteria of ARAP.

If your experience rating modification changes, the ARAP surcharge factor may also change.

**A. Criteria**

1. You will receive an ARAP surcharge factor calculated by the designated rating/advisory organization for your intrastate and/or interstate risk if you:
  - a. Are experience rated, and
  - b. Have an experience rating modification that includes data from at least one ARAP-approved jurisdiction, and
  - c. Have a calculated experience rating modification factor greater than or equal to 1.01, and
  - d. Meet or exceed the weighted test ratio in accordance with the applicable rules in the **North Carolina Basic Manual** or other applicable state rules.
2. You will not receive an ARAP surcharge factor calculated by the designated rating/advisory organization in an ARAP-approved jurisdiction if you:
  - a. Are not experience rated, or  
Are an intrastate and/or interstate experience rated risk that does not have any ARAP-approved
  - b. jurisdictions' data included in your experience rating modification calculation, or
  - c. Have a calculated experience rating modification equal to or less than 1.00.

**B. Surcharge Application**

You must pay a surcharge based on a comparison of your actual and expected losses, as determined using values from your experience rating modification calculation. The ARAP surcharge factor is applied by multiplying your assigned risk total modified premium by the ARAP surcharge factor. The total modified premium of an assigned risk policy in ARAP-approved jurisdictions is determined in accordance with the applicable state assigned risk premium algorithm, or any other applicable programs or statutory requirements. The ARAP surcharge factor is included in total standard premium.

**C. Multistate Operations**

If you are an experience rated employer with multistate operations, you shall be subject to the Assigned Risk Adjustment Program in states that have approved ARAP, and as applied by your insurance carrier in those states as shown in the Schedule below.

**D. Cancellation**

If your policy is cancelled, the ARAP surcharge factor is applied in accordance with Part Five (Premium), E. of your workers compensation and employers liability insurance policy.

(Ed. 07-16)

Schedule

State

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective  
Insured

Policy No.

Endorsement No.  
Premium

Insurance Company

Countersigned by \_\_\_\_\_