Washington State Department of
Labor & Industries
Workers' Compensation Services

www.Lni.wa.gov/Retro

Retrospective Rating

safe workplaces ■ early and safe return to work ■ earned refunds

Retrospective Rating Enrollment Decisions

When you participate in the Retrospective Rating (Retro) Program, the enrollment decisions you make upfront let you tailor an insurance plan that works for you. To create a custom insurance plan, you'll need to make four choices:

- Plan Type (premium or loss based)
- Single Loss Limit ($120,000; $160,000; $250,000; $275,000; $380,000; $500,000; $550,000; $800,000; $1,000,000; unlimited)
- Upper Aggregate Loss-Ratio Limit (loss ratio between 40% – 160% of standard premium)
- Lower Aggregate Loss-Ratio Limit (loss ratio between 0% – 60% of standard premium)

First, choose a plan type

There are two plans to choose from – a premium based or a loss-based plan. These plans determine what L&I takes into consideration when applying insurance charges:

- Loss-based plans apply insurance charges as a percent of losses.
- Premium-based plans apply insurance charges as a percent of premium.

If you expect low loss ratios, you may want to consider a loss-based plan. This is because loss-based plans are directly correlated to your losses. The lower your losses, the greater your return will be. However, if your losses fluctuate greatly, or you couldn't afford "one bad year," you may want to consider a premium-based plan. This is because the premium-based plan charges are more stable and assessments will be lower when loss ratios are high.

Second, choose a single-loss limit

This choice allows you to buy extra insurance that places a cap on the losses for a given single incident (claim or event). If you buy insurance for a single-loss limit of $550,000, we consider only the portion of the losses up to the $550,000 limit. To select a single-loss limit, the standard premium must be at least twice the selected single-loss limit.

The single-loss limit offers protection from single large losses in an otherwise good year. If you are a smaller participant, you may reach your maximum premium from a large loss and may wish to forgo a single-loss limit (unlimited) in return for a smaller insurance charge. The smaller the single-loss limit, the higher the insurance charge.

OVER

Finally, choose your upper and lower loss-ratio limits

The third and fourth choices are upper (maximum) and lower (minimum) aggregate loss-ratio limits. These limits are expressed as the ratio of your losses (modified by Loss Development Factors) to your standard premium. These choices let you place a cap on both the most and least amount of total losses for which you would be responsible. The lower the upper aggregate limit, the higher the insurance charges. The higher the lower aggregate limit, the lower the insurance charges.

If you are worried about the effect of "one bad year," you may want to consider purchasing more insurance by decreasing your upper aggregate loss-ratio limit. If you want to save on overall insurance charges, you may want to increase your lower loss-ratio limit.

For more information

Contact us now and learn how Retro can save you money:

- 360-902-4851
- Email to **Retro@Lni.wa.gov**
- On the Web at **www.Lni.wa.gov/Retro**
- Or contact a Retro group you are considering

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