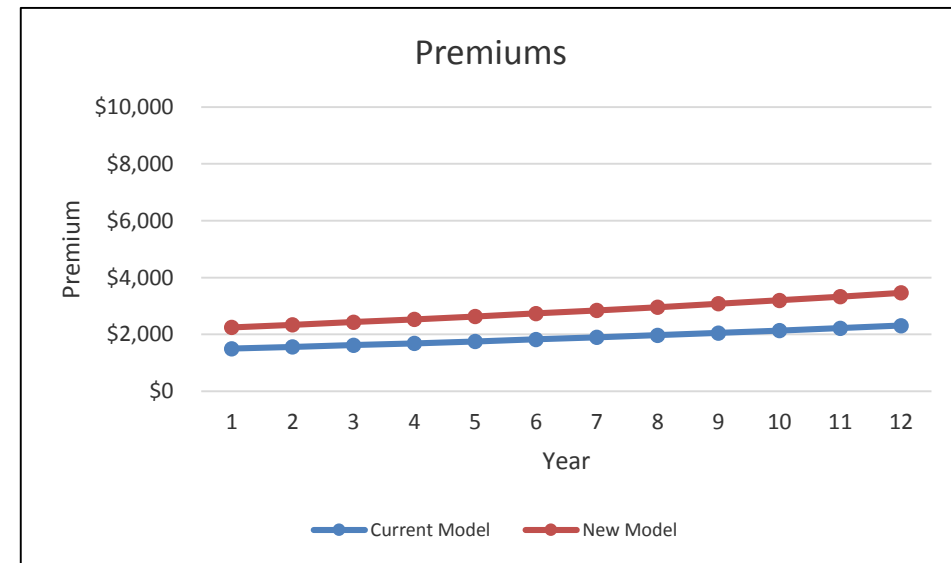
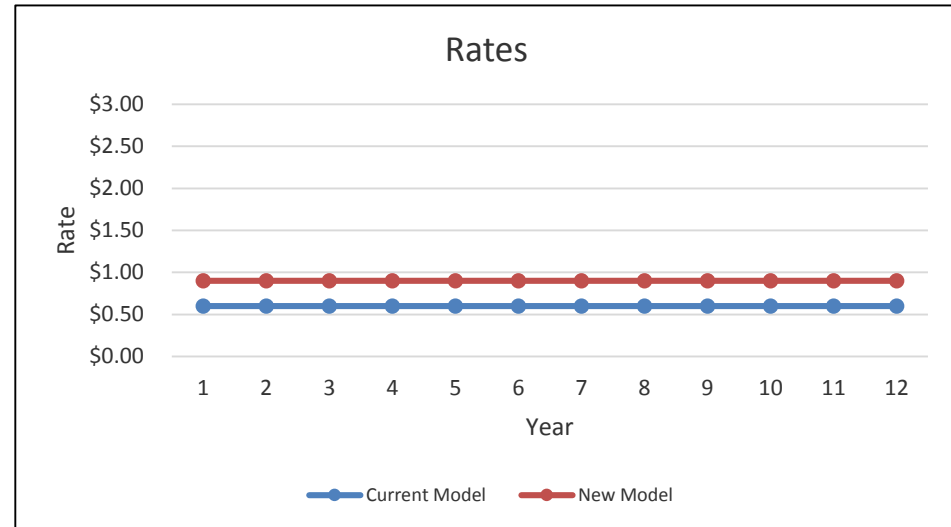


Small Employers - Payroll up to \$750,000

Scenario 1 - Consistently Low Cost Employer

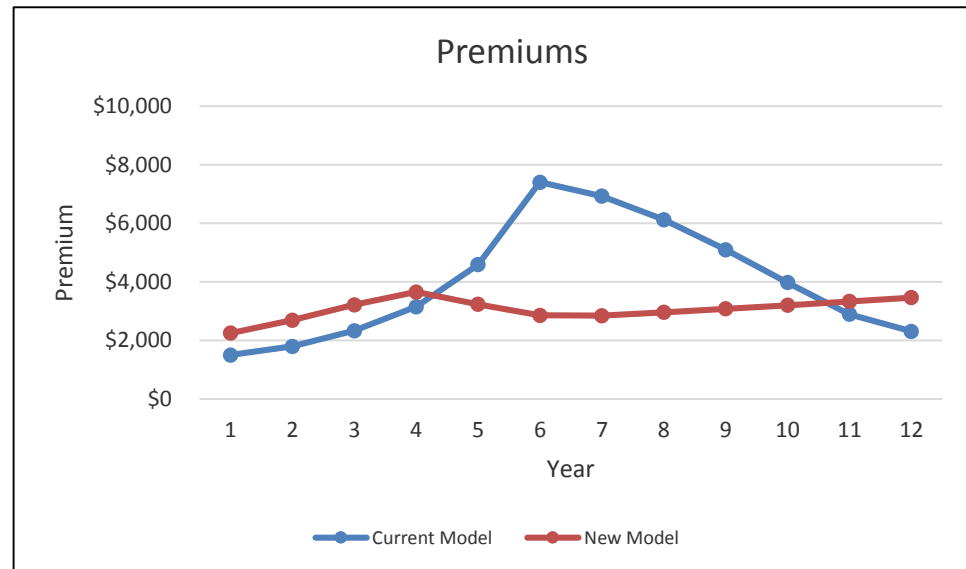
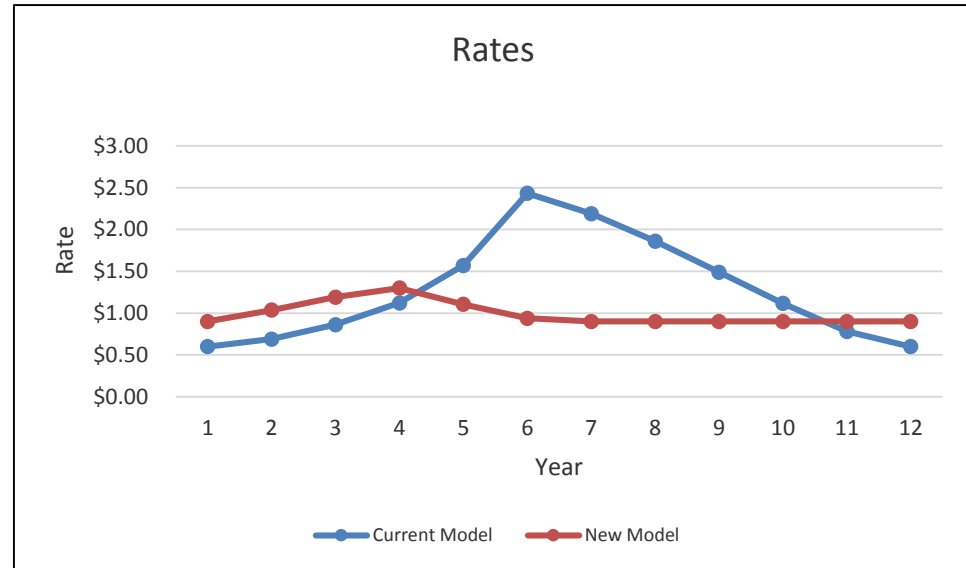
Scenario	Employer consistently has zero claims costs.
Assumptions	<p>Category Average Rate is \$1.00 throughout the period.</p> <p>Assessable Payroll is \$250,000 in Year 1 increasing 4% per year thereafter.</p> <p>20% Experience Factor</p> <p>Individual firm target rate is \$0.00</p>
Outcomes	<p>Annual premium slowly rises by 4% per year in lock step with payroll increase.</p> <p>Total 12-year premium is \$22,539 under current model and \$33,808 under new model.</p>
Explanation	<p>Employer is consistently at the lower boundary of the risk category range in both models. The lower boundary is 40% below average (\$0.60) in the current model and 10% below average (\$0.90) in the new model.</p> <p>Employer pays more under the new model for better protection against extreme increases if and when a costly claim is incurred.</p>



Small Employers - Payroll up to \$750,000

Scenario 2 - Low Cost Employer with High Claims Costs Ongoing for 5 Years

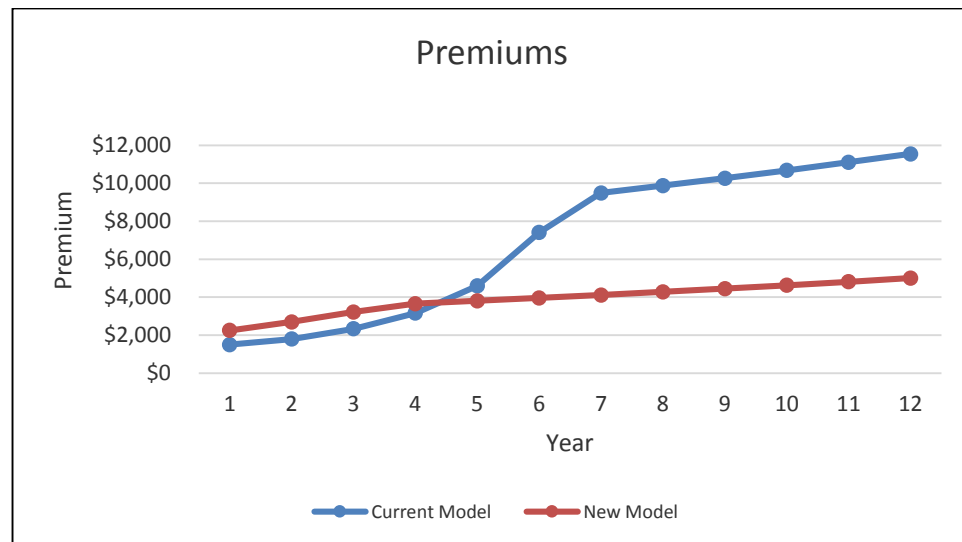
Scenario	Employer with low claims costs experiences high claims costs for 5 years (generally 1 claim)
Assumptions	Category Average Rate is \$1.00 throughout the period. Assessable Payroll is \$250,000 in Year 1 increasing 4% per year thereafter. 20% Experience Factor Individual firm target rate is \$3.00
Outcomes	Annual premium moderately rises for 3 years and then starts to decline until the lower boundary of the risk category range is reached. It then slowly rises by 4% per year in lock step with payroll increase. Total 12-year premium is \$48,092 under current model and \$36,788 under new model .
Explanation	Employer is limited to how much their rate can increase in one year. The maximum rate increase per year Increases each year up to 5 years in the current model and Limited to 15% in the new model Employer is protected from extreme increases if and when a costly claim is incurred.



Small Employers - Payroll up to \$750,000

Scenario 3 - High Cost Employer with Consistently Poor Cost Experience

Scenario	Employer has consistently above average claims costs.
Assumptions	Category Average Rate is \$1.00 throughout the period. Assessable Payroll is \$250,000 in Year 1 increasing 4% per year thereafter. 20% Experience Factor Individual firm target rate is \$3.00
Outcomes	Annual premium rises until the upper boundary of the risk category range is reached. It then slowly rises by 4% per year in lock step with payroll increase. Total 12-year premium is \$83,717 under current model and \$46,848 under new model .
Explanation	Employer's rate increases until it reaches the upper boundary of the risk category range in both models. The upper boundary is 200% above average (\$3.00) in the current model and 30% above average (\$1.30) in the new model . Employer pays more under the new model for a lower maximum rate if an employer has consistently poor cost experience.



Small Employers - Payroll up to \$750,000

Scenario 4 - Low Cost Employer with High Claims Costs all in One Year

Scenario	Employer with low claims costs experiences one year with high claims costs.
Assumptions	Category Average Rate is \$1.00 throughout the period. Assessable Payroll is \$250,000 in Year 1 increasing 4% per year thereafter. 20% Experience Factor Individual firm target Rate is \$1.50
Outcomes	Annual premium moderately rises for 3 years then decreases until the lower boundary of the risk category range is reached. It then slowly rises by 4% per year in lock step with payroll increase. Total 12-year premium is \$22,827 under current model and \$35,365 under new model .
Explanation	Employer's one year of high claims costs will impact its rate for 3 years. The experience period is 1 year of claims costs on 5 years of claims in the current model and 3 years of claims costs on 3 years of claims in the new model . Short duration claims can impact an employer's rate for up to 3 years. Claims that last longer than 3 years will not impact their rate after the 3 rd year.

