

Experience Modification Estimator

How to Use this Calculator

- The eligibility threshold to qualify for an experience modification is \$10,100
- Experience rating eligibility is determined based on applying the expected loss rate to the payroll developed over the experience period for the applicable classification
 - [Click here to learn more about experience rating eligibility](#)
- Do not skip rows
- You may enter notes for your own informational purposes only in the columns indicated
- Refer to the **Help Guide** for additional help (click the icon below to access it in Adobe Reader/Acrobat)



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Tips

- The 2017 eligibility threshold to qualify for an experience modification is \$10,100. There is a different threshold every year.
- The data needed to complete this page can be found on an insurer's final audit and/or a prior ratesheet.

Determining an Experience Period

The rating effective date determines the experience period and the effective date of your experience modification. To find out what the experience period is or which years of data to use in an experience modification, click [here](#).
For example, a rating effective date of 1/1/2017 will have an experience period of 4/1/2011- 4/1/2014.

Calculate Mod

After data is entered below click Calculate Mod.

Calculate Mod **Reset**

Payroll and Expected Losses

Directions: In this section, enter the payroll developed over the experience period. You must enter payroll for at least one classification. Enter the 4-digit class code in Column (2) and the corresponding payroll for that classification in Column (3). You may enter payroll by class code for each year individually, or enter the total combined payroll for all years by class code.

(1) Notes (Optional)	(2) Class Code	(3) Payroll	Class Code Validation
	5474	400,000	Y
	5482	500,000	Y
	8810	60,000	Y

Class Code(s)
Enter the 4-digit classification code(s) applicable to the employer's operations.

Payroll
Enter payroll for at least one classification. For each classification payroll can be a total of all policy years or segregated by policy year.

Class Code Validation
Only classifications from the Standard Classification System can be used. For a list of Standard Classifications, click [here](#).

Claims and Actual Losses

Directions: In the fields below, enter information for any claims incurred over the experience period. Leave this section blank if there are no claims to report. Enter each claim individually on each row. Individual claims below \$2,001 may be grouped together and reported on a single row, provided the total number of claims is entered in Column (5). To report an exception claim (such as subrogation, joint coverage, S-case) claim type in Column (7)

(5) Number of Claims (Single claim by default)	(6) Actual Losses	(7) Claim Type ("Non-exception" claim type by default)	(8) Percentage of Actual to Gross (100% by default)
1	35,000	Non-exception Claim	
5	1,500	Non-exception Claim	
1	15,000	Non-exception Claim	

Tip
Claims may be entered individually or on a combined basis. Only claims that are under \$2,001 each and are non-exception claims can be combined.

Number of Claims
Enter claim counts, including both open and closed claims. If there are multiple claims under \$2,001 each, enter the total number of those claims. Do not combine exception claims.

Actual Losses
Enter the total claims value for each row. This value may be a closed actual loss value or the current paid value plus reserves established for open claims by an insurer (incurred losses).

Claim Type
For exception claims, click into each cell in this column to select the Claim Type from the drop down list. By default "Non-exception" claim will be used.

Percentage of Actual to Gross
This column appears only if an exception Claim Type is selected in Column 7. Enter the net percentage for the non-exception claim selected. This value is the reduced loss amount the insurer is liable for as opposed to the gross amount the insurer would have been liable for.

X-Mod Estimation Results Tab

Experience Modification Calculation Results

Primary Threshold Used = **9,500**

Experience Modification = **124%**

Expected Losses							
Class Code	Payroll (a)	Expected Loss Rate (b)	Expected Losses (c) = (a)*(b)/100	D-Ratio (d)	Expected Primary Losses (e) = (c)*(d)	Expected Excess Losses (f) = (c) - (e)	Notes from User
5474	100,000	4.00	4,000	0.186	744	3,256	
5482	300,000	1.87	5,610	0.162	909	4,701	
5538	500,000	2.78	13,900	0.200	2,780	11,120	
8810	100,000	0.15	150	0.271	41	109	
Expected Loss Totals:			23,660		4,474	19,186	

Adjusted Losses					
Claim Type	# of Claims	Actual Losses	Actual Primary Losses	Actual Excess Losses	Notes from User
Non-exception Claim	1	50,000	9,500	40,500	
Non-exception Claims UNDER \$2	2	600	600	0	

Estimated Experience Modification							
Credible Primary Loss				Credible Excess Loss			
Total Actual Primary Losses (i)	Credibility Primary (l)	Total Expected Primary Losses (h)	(1 - Credibility Primary) (m) = 1 - (l)	Total Actual Excess Losses (k)	Credibility Excess (n)	Total Expected Excess Losses (j)	(1 - Credibility Excess) (o) = 1 - (n)
10,100	1.00	4,474	0.00	40,500	0.00	19,186	1.00
Total Adjusted Losses (p) = [(i)x(l)] + (h)x(m)] + [(k)x(n)] + (j)x(o)]				Total Expected Losses (g)		Experience Modification (q) = (p)/(g)	
29,286				23,660		124%	
Loss-Free Rating		81%					

Note: This experience modification estimation tool relies on payroll, classification and claims information supplied by you. Actual classifications, payroll and claims amounts used by the WCIRB to calculate an experience modification may be different. The estimate shown above is not an experience modification. This estimate should be used for informational purposes only. Based on the volume of inquiries, the WCIRB Customer Service Department CANNOT answer questions about the differences between an estimated experience modification and the actual issued experience modification.

Beginning with 2017, the primary threshold varies by the size of the employer's expected losses, rather than fixed at \$7,000 for all employers. The table of primary thresholds can be found [here](#).

In this example, of the risk's actual losses of \$51,500, only \$10,000 are considered primary losses and anything above that threshold is considered excess losses and are not used in the calculation. The experience rating formula places greater weight on the primary portion or claim frequency than on claim severity.

The estimated experience modification is based on payroll and loss data entered by the user and the primary threshold identified at the top of the worksheet.