If . . .	Then . . .
	Add the pro rata portion of the expense constant, but not less than $15. 4. The total premium for the cancelled policy must not be less than the pro rata portion of the minimum premium.

Cancellation Provisions Table 4

(Exceptions: AK, AL, FL, GA, HI, IA, LA, MD, NC, SD, OR, VA, WV) (*User's Guide*: AK)

If . . .	Then . . .
The policy is cancelled by the insured, except when retiring from the business . . .	Unless a different method has been filed by the carrier and approved by the appropriate regulatory authority, the premium for the cancelled policy must be calculated by using either the short-rate percentage or short-rate factor as follows, based on the Short Rate Cancellation Table located in Appendix B: Steps based on short-rate percentage: 1. Determine the payroll developed during the period the policy was in effect. 2. Determine the full policy payroll by using the following formula: $\dfrac{\text{number of days for which the policy was written}}{\text{number of days the policy was in effect}} \times \text{actual payroll}$ 3. Apply authorized rates to such payroll. 4. Calculate the extended number of days by using the following formula. If the policy was written for a one-year period, the extended number of days is the number of days the policy was in effect:

If . . .	Then . . .
	$$\frac{\text{number of days the policy was in effect}}{\text{number of days for which the policy was written}} \times 365$$ 5. Based on the extended number of days, apply the short-rate percentage shown in the Short Rate Cancellation Table located in the Appendix to the full policy premium calculated in step 3. This result is the short-rate portion of the premium. 6. If applicable: • Apply any pricing programs • Apply any experience rating modification • Apply any premium discount based on the final earned total standard premium • Add the short-rate portion of the expense constant but not less than $15 • Apply catastrophe provisions (if applicable) based on the earned manual premium. 7. The total earned premium for the short-rate cancelled policy must not be less than the annual minimum premium applicable to the policy. Steps based on short-rate factor: 1. Determine the payroll developed during the period that the policy was in effect. 2. Apply authorized rates to such payroll. 3. Based on the number of days that the policy was in effect, determine the applicable short-rate factor shown in the Short Rate Cancellation Table located in Appendix B.

If . . .	Then . . .
	4. Apply the short-rate factor to the premium calculated on the basis of the earned premium for the period that the policy was in effect in step 2. This result is the short-rate manual premium. 5. If applicable: • Apply any pricing programs • Apply any experience rating modification • Apply any premium discount based on the final earned total standard premium • Add the short-rate portion of the expense constant but not less than $15 • Apply catastrophe provisions (if applicable) based on the earned manual premium 6. The total earned premium for the short-rate cancelled policy must not be less than the annual minimum premium applicable to the policy.

*Refer to the **User's Guide** for examples.*

4. Classifications, Loss Costs or Rates Subject to Admiralty Law, FELA, and USL&HW Act

(Additional Rules: AK, VA)

a. F-Classification Codes and Admiralty/FELA Classifications That Include USL&HW Act Benefits

(Additional Rules: FL)

The rates for classification codes followed by the letter “F” and those admiralty/FELA classifications applicable to Program II—USL&HW Act benefits include premium for operations that are subject to the USL&HW Act.