



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU**

**Administrator of the  
Massachusetts Workers' Compensation Assigned Risk Pool**

**POOL PROCEDURES For NEW APPLICATIONS**

**Submitted through OAR (Online Assigned Risk)  
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# Table of Contents

<b>OVERVIEW .....</b>	<b>3</b>
Introduction .....	3
Eligibility Requirements.....	4
Binding of Coverage .....	4
Create and Submit an Application ( <i>OAR Status = Not Submitted &gt; Submitted</i> ) .....	5
Delayed Processing of Application ( <i>OAR Status = Pending</i> ) .....	6
Assigned Pending Payment–Payment of the Application ( <i>OAR Status = Assigned Pending Payment</i> ) .....	6
Notice of Assignment ( <i>OAR Status = Assigned</i> ) .....	7
Rejection of Application ( <i>OAR Status = Returned</i> ) .....	7
Expired Application ( <i>OAR Status = Expired</i> ) .....	8
<b>COMPLETION OF THE ONLINE APPLICATION .....</b>	<b>8</b>
Requested Effective Date .....	8
Employer Email ( <i>optional</i> ) .....	8
I. GENERAL INFORMATION .....	8
1. Name of Employer.....	8
2. Federal Employer Identification Number .....	9
3. Mailing Address .....	9
4. Principal MA Location.....	9
5. Total Number of MA Locations.....	9
6. Other Massachusetts Locations .....	9
7. Location of Records .....	10
8. Legal Status.....	10
II. ELIGIBILITY REQUIREMENTS .....	10
1. Declination Information .....	10
2. Offers of Voluntary Coverage .....	10
3. Outstanding Premium .....	11
4. Outstanding Audits or Inspections .....	11
III. CORPORATE OFFICERS, SOLE PROPRIETORS, PARTNERS & MEMBERS .....	11
IV. INSURANCE RECORD.....	13
1. Previous Workers’ Compensation Insurance.....	13
2. Insurance Record for Most Recent Three Years .....	13
3. Reason for No Prior Coverage .....	13
4. Former Self-Insurers .....	13
5. Bankruptcy.....	13
6. Out of State Operations.....	13
7.-11. Ownership.....	14
V. BUSINESS OF EMPLOYER .....	14
1. Description of Employer’s Operations.....	14
2. Subcontracted Labor .....	14
3. Independent Contractors .....	14
4. Temporary Help Agency .....	14
5. Employer Leases Employees from Another Business .....	15
6. Employer Leases Employees to Another Business .....	16
VI. MA CLASSIFICATIONS, PAYROLLS, AND PREMIUM CALCULATIONS.....	18
Classifications, Payroll and Premium Calculation.....	18
Admiralty or FELA Higher Limits of Liability .....	22
Coverage II Voluntary Compensation Selection.....	22
VII. DEPOSIT REQUIRED .....	22
1. Installment Options .....	22
2. Premium Financing.....	23
VIII. APPLICANT’S AGREEMENT .....	23
IX. AGENCY INFORMATION AND PRODUCER’S STATEMENT .....	24
<b>MANAGE ATTACHMENTS .....</b>	<b>24</b>

# OVERVIEW

## Introduction

The following procedures are intended for use by employers and their representatives who are making application for coverage in the Massachusetts Workers' Compensation Assigned Risk Pool.

**These procedures are only applicable to applicants using OAR, Online Assigned Risk.**

These procedures have been prepared by the Workers' Compensation Rating and Inspection Bureau of Massachusetts ('WCRIBMA' or 'Bureau') in its capacity as the Administrator of the Assigned Risk Pool. If additional information is needed, refer to the WCRIBMA's web site, [www.wcribma.org](http://www.wcribma.org), or contact the WCRIBMA's Customer Service Department at (617) 439-9030.

These procedures are to be used in conjunction with the manuals approved for use in Massachusetts, such as the *Massachusetts Workers Compensation and Employers Liability Insurance Manual*, the *Forms Manual for Workers Compensation and Employers Liability*, and the *Experience Rating Plan Manual*.

Throughout the OAR process, the **producer** is notified of changes in the application status by email. If an employer email address is provided on the OAR application, the **employer** is notified by email when the application is submitted and when assigned. However, the emails for any application submitted by the employer, **without the assistance of a producer**, will be sent to the employer in lieu of the producer (as indicated in these procedures).

In addition to the email notification, the producer can also use the My Applications page in OAR to review or check the status of his/her current applications; to view any WCRIBMA attachments or letters in the Manage Attachments section of the application; and to access the link to make an electronic payment for applications with a status of Assigned Pending Payment. To keep the My Applications page manageable, applications will retire from the My Applications page as follows: applications with a status of Assigned retire after 10 days, applications with a status of Returned or Expired retire after 30 days, and applications with a status of Not Submitted retire after 60 days.

### **Please note:**

- Payment through OAR requires use of an electronic check through US Bank. A hard copy check cannot be submitted to the Massachusetts Workers Compensation Assigned Risk Pool. Do not use a money order or cashier's check to make a payment through US Bank.
- It is essential that the producer have access to a scanner in order to attach required documents to the application.

Refer to the OAR - Frequently Asked Questions for more helpful information including pc settings that will help enable you to view and add attachments in OAR. The OAR - FAQs page can be accessed from the menu bar on the OAR home page.

Refer to the OAR User's Guide for detailed instructions on navigating through the OAR screens. The OAR User's Guide can be accessed from the OAR home page.

## Eligibility Requirements

To be eligible to obtain assigned risk coverage, an employer must meet all of the following eligibility requirements:

- The employer's application for voluntary Massachusetts workers' compensation insurance coverage must have been rejected by two (2) insurers licensed to write workers' compensation insurance in Massachusetts.
- Generally, the employer may not have any outstanding offers for voluntary Massachusetts workers' compensation coverage.

**Note:** If the employer has received and rejected an offer of voluntary coverage, the WCRIBMA will consider all submitted and available information, including the terms of that voluntary offer, when determining if the employer is eligible for Pool coverage.

- The employer must not be in default of payment of premium for Massachusetts workers' compensation insurance.
- The employer must have complied with all laws, orders, rules and regulations in force and effect relating to the welfare, health and safety of employees.
- The employer must not have an audit or inspection on a prior workers' compensation insurance policy that remains incomplete due to the employer's failure to cooperate with the insurer.

## Binding of Coverage

If, upon review, the employer is eligible for coverage and the application is satisfactorily completed, then the WCRIBMA will issue an Assigned Pending Payment Letter which will be attached to the application in OAR and emailed to the producer. Provided the producer pays the required deposit premium (as calculated on the Assigned Pending Payment letter) within the specified time period using an electronic check through the US Bank interface, the WCRIBMA will issue a Notice of Assignment letter which will be attached to the application in OAR, emailed to the producer, and emailed or mailed to the employer.

If the employer has coverage at the time the application is received by the WCRIBMA, the WCRIBMA sets a tentative coverage effective date that coincides with the expiration date of that present coverage. If the employer is without coverage at the time the application is received by the WCRIBMA, the WCRIBMA sets a tentative coverage effective date equal to 12:00 a.m. the day following the WCRIBMA's receipt of the application, unless a later date is requested. **The coverage effective date is tentative until it is determined that the check is covered by sufficient funds.**

In all instances, the WCRIBMA is limited in its binding authority as follows:

- a. The WCRIBMA can only **tentatively** bind coverage for applications with a status of Assigned Pending Payment if the deposit premium is paid electronically through the US Bank interface within the specified time period.
- b. There will be no coverage in place for **Assigned** applications if there are not sufficient funds to cover the deposit premium check when the electronic ACH payment is processed by US Bank. See Non-Negotiable Checks in the *Pool Procedures for Existing Policies* for details.
- c. The WCRIBMA cannot bind coverage if the declination requirements are not met or if the employer has received an offer of voluntary coverage.

**Note:** If the employer has received and rejected an offer of voluntary coverage, the WCRIBMA will consider all submitted and available information, including the terms of that voluntary offer, when determining if the employer is eligible for Pool coverage.

- d. The WCRIBMA cannot bind coverage for any employer who is in default of premium for Massachusetts workers' compensation insurance.

- e. The WCRIBMA cannot bind coverage for any employer who has an audit or inspection on a prior workers' compensation policy that remains incomplete due to the employer's failure to cooperate with the insurer. See Outstanding Audits or Inspections for details.
- f. The WCRIBMA cannot bind coverage for former self-insurers using the online application. Former self-Insurers, who are subject to the Premium Determination Endorsement - Former Self-Insurers 1, must submit a hard copy application to the MWCARP.
- g. The WCRIBMA cannot bind coverage if there is evidence that the employer has not complied with all laws, orders, rules or regulations in force and effect relating to the welfare, health and safety of employees.
- h. The WCRIBMA cannot bind coverage if the employer has a Massachusetts workers' compensation insurance policy in place.
- i. The WCRIBMA can only bind coverage for Massachusetts employees.
- j. The WCRIBMA cannot bind coverage to be effective at a time other than 12:01 a.m.
- k. In no event will coverage be made effective earlier than 12:01 a.m. the day following receipt of the application by the WCRIBMA.

### **Create and Submit an Application** *(OAR Status = Not Submitted > Submitted)*

To access **Online Assigned Risk** go to the Members Area page of the WCRIBMA's website, enter your User ID and Password, click the Login button, and select the **Online Assigned Risk** link under Members Products. From the OAR Home Page, click on the Create Application tab.

The initial status of an application being created by the producer is Not Submitted. An application with a Not Submitted status can be edited by the producer using the Edit Application icon on the My Applications page under Select Operation.

**Note: once an application has been submitted, the application can no longer be edited.**

The employer, with or without the assistance of a producer, must accurately enter all the required information and attach all the necessary attachments. See Completion of the Online Application for details on completing the fields and questions on the application. See Manage Attachments for details on adding attachments to the application. If additional space is needed for answering questions, an attachment should be made to the application with the information.

An employer who has received a Stop Work Order from the Department of Industrial Accidents must attach a copy of the Stop Work Order to the application. The Stop Work Order attachment must be named with the Attachment Type of Stop Work Order. See Manage Attachments for details.

When all information for a given application section has been completed, click the Save & Continue button to move to the next section. Any omissions or errors detected must be completed or corrected before moving on to the next section. Complete all required information in Sections I – IX, then add the required attachments, if any, in the Manage Attachments section. After attaching all attachments under the Attachments/Submit tab, click on the View and Submit button. Once all errors are corrected, a pdf of the application is displayed to view. If a correction to the application is required, click on the Cancel Submission button. When the application is correct and ready to be submitted, print the application; then, using the **outer** scroll bar, go to the bottom of the page and click on the Submit Application button. If properly submitted, OAR will return you to the My Applications page and display the status of the application as Submitted.

After submission of the application, an email is sent to the producer advising that the application has been received and that the WCRIBMA will review the application within three (3) business days and respond by email.

**NOTE: The producer is responsible for retaining a copy of the completed OAR application with the employer's and the producer's signatures for a period of not less than five (5) years. The WCRIBMA will periodically conduct audits of the producer's files to verify compliance with the signature requirements.**

After submission each application is reviewed by WCRIBMA Staff. Misrepresentations or omissions may result in delaying the binding of coverage or rejection of the application by WCRIBMA Staff.

**Note:** Submitted applications are maintained in the files of the WCRIBMA and the assigned carrier. If, in the future, the carrier determines that material misrepresentations or omissions were made on the application, the carrier may, to the extent allowed by law, initiate cancellation of coverage.

### **Delayed Processing of Application** *(OAR Status = Pending)*

After submission of the application, if it appears that the employer is eligible for coverage, but either the application is not completed satisfactorily or additional information is necessary, then the WCRIBMA will create and attach a Delayed Processing of Application letter to the application in OAR and an email (which includes a copy of the Delayed Processing of Application letter) will be sent to the producer advising that the application has been pended back to the producer since further information is required. The Delayed Processing of Application letter, which indicates the tentative binding date, will advise why WCRIBMA Staff is unable to process the application and what information is needed. In order to retain the tentative binding date, all requested information must be attached to the Pending application, and the application with required attachments must be resubmitted to the WCRIBMA within ten (10) business days.

All attachments in response to the Delayed Processing of Application letter must be attached to the application through the Manage Attachments section in OAR. See Manage Attachments for details on adding attachments to the application. **Reminder – once an application has been submitted, it can no longer be edited or corrected.** After all attachments and/or free form text are added to the application, click on the Resubmit Application button located under the Manage Attachments section of OAR.

Failure to resubmit the original submission and all requested information on a timely basis will result in the loss of the tentative binding date. The WCRIBMA will create and attach a Loss of Binding Date letter to the application in OAR, and an email (which includes a copy of the Loss of Binding Date letter) will be sent to the producer advising that the application was not resubmitted with the requested information by the due date, therefore the tentative binding date has been lost. The status of the application will change to Expired.

### **Assigned Pending Payment–Payment of the Application** *(OAR Status = Assigned Pending Payment)*

After the submission of a satisfactorily completed application that the WCRIBMA determines is eligible for Pool coverage, the WCRIBMA will create and attach an Assigned Pending Payment letter to the application in OAR, and an email (which includes a copy of the Assigned Pending Payment letter) will be sent to the producer advising that the application has been approved pending payment.

**Note:** If the employer is subject to an anniversary rate date (ARD), different than the coverage effective date, the rates in the OAR application calculation may differ from the rates used in the Notice of Assignment calculation which will affect the calculated premium amount.

Coverage will **not** be tentatively bound until an electronic payment is received through US Bank. Payment is due by 11:59 p.m. two (2) business days after the issue date on the Assigned Pending Payment letter. To make a payment click on the link provided in the Assigned Pending Payment email or click on the Make Premium Payment icon under Select Operation on the My Applications page. Follow the instructions on the US Bank site to make the payment. Continue to click through the instructions provided by US Bank until you are returned to the My Applications page in OAR (where you will see the status of the application has been updated to Assigned). **Do not close out of the Internet Explorer browser, even if you have received payment confirmation information, until you have clicked on the COMPLETE PAYMENT button. You must click the Complete Payment button in order to complete the payment process between US Bank and OAR; failure to do so will prevent the application from being assigned even though US Bank has accepted your payment.**

**Do not use a money order or cashier's check to make a payment through US Bank,** since the US Bank electronic payment system works by tying the payment to a checking account.

Payment must be made using one check. Payment using multiple checks and/or checking accounts is not allowed.

A Payment Reminder email will be sent to the producer, if payment has not been received, when there is one (1) calendar day remaining to submit payment.

If the payment is not received within the specified time period, an email will be sent to the producer advising that the payment was not received by the payment due date, therefore the application for coverage has been denied. The status of the application is changed from Assigned Pending Payment to Returned and the tentative binding date is lost.

### **Notice of Assignment** *(OAR Status = Assigned)*

After payment is received for an Assigned Pending Payment application, a Notice of Assignment is attached to the application in OAR and an email (which includes a copy of the Notice of Assignment) is sent to the producer advising that payment has been received and coverage has been tentatively bound. A copy of the Notice of Assignment is also emailed to the employer, if an email address was provided on the application, or mailed to the employer if no email address was provided. An electronic file of the application and attachments/letters is created that evening by WCRIBMA and is available for the assigned carrier to retrieve from our website the next morning.

### **Rejection of Application** *(OAR Status = Returned)*

If an application does not meet the eligibility requirements, as stated in Eligibility Requirements and Binding of Coverage, then the WCRIBMA will not bind coverage. The WCRIBMA will create and attach a Rejection of Application letter to the application in OAR and an email (which includes a copy of the Rejection of Application letter) will be sent to the producer which indicates the reason that coverage could not be bound.

Once the ineligibility is resolved, a copy of the Returned application (if it is still listed on the My Applications page) may be created by clicking on the Create New Version icon under Select Operation on the My Applications page. OAR will create a new version of the application and copy all information on the previous version with the exception of Section II – Eligibility Requirements,

Section VIII – Applicant’s Agreement, Section IX – Agency Information & Producer’s Statement, and the attachments. The new version will receive a new submission date and a new tentative binding date will be set according to the Binding of Coverage rules, provided the employer is eligible.

**Expired Application** *(OAR Status = Expired)*

When a Pending application is not resubmitted by the due date the status of the application is changed to Expired and the tentative binding date is lost. If the application must be submitted after the status has changed to Expired, click on the Create New Version icon under Select Operation on the My Applications page. OAR will create a new version of the application and copy all information on the previous version with the exception of Section II – Eligibility Requirements, Section VIII – Applicant's Agreement, Section IX – Agency Information & Producer's Statement, and the attachments. The new version will receive a new submission date and a new tentative binding date will be set according to the Binding of Coverage rules found in these Pool Procedures, provided the employer is eligible.

**COMPLETION OF THE ONLINE APPLICATION**

**Requested Effective Date**

Enter a future date that you want the coverage to be effective.

If no date is entered, OAR will default to the next day’s date. If the employer presently has insurance in effect, then the effective date of the requested coverage should be the same as the expiration date of the present policy.

In no event will coverage be made effective earlier than 12:01 a.m. on the day following receipt of the application by the WCRIBMA.

**Employer Email** *(optional)*

Enter the employer’s email address. By completing this field, the employer will receive an emailed copy of the Notice of Assignment. If the employer does not have an email address, this field can be left blank. When this field is left blank and the application is eligible for assignment, a hard copy of the Notice of Assignment will be **mailed** to the employer.

**Do not enter the producer’s email address in this field.**

**I. GENERAL INFORMATION**

**1. Name of Employer**

Enter the name of the employer. If the employer has a trade name (also known as a DBA name or a 'doing business as' name), the trade name must be listed on that same line after the employer’s name. The correct manner in which to complete this item will depend on the legal status of the applicant. See the examples listed below:

Sole Proprietorship:	Joe Smith DBA Smith Electrical
Partnership:	Joe Smith & Mary Smith DBA Smith Electrical
Corporation:	Smith Inc DBA Smith Electrical
Trust:	Smith Electrical Trust (Trustee information should be listed in Section III.)
Limited Partnership:	Smith Electrical LP, Joe Smith General Partner



Limited Liability Co.:	Smith Electrical LLC (Membership information should be listed in Section III.)
Limited Liability Partnership:	Smith Electrical LLP, Joe Smith & Mary Smith Partners

If more than one legal entity is being listed on a single application, enter the primary name on Line 1, Name of Employer, then click on the 'Add New' link. For the second legal entity, enter the additional name along with that entity's federal employer identification number and legal status in the Additional Employer fields provided. For each additional name, click on the 'Add New' link, and enter the additional name along with that entity's federal employer identification number and legal status in the Additional Employer fields provided. Attach an ERM Ownership Form to the application when more than one legal entity is entered to justify the combination of legal entities for experience rating purposes.

**2. Federal Employer Identification Number**

Enter the federal employer identification number (FEIN). Sole proprietors with no employees and no FEIN number should select 'Sole Proprietors with No Employees' from the drop down menu.

Do **not** submit a social security number in lieu of a FEIN number.

If the employer has requested a FEIN from the IRS, but has not yet received a number at the time of making application to the Pool, select 'Applied For' from the drop down menu. A copy of the EIN application, submitted to the IRS, must be attached to the Pool application. Additionally, the FEIN must be submitted to the assigned carrier and to the WCRIBMA as soon as it becomes available.

**3. Mailing Address**

Enter the employer's mailing address and phone number. Policies, bills, cancellations, reinstatements, nonrenewals, and correspondence will be sent by the assigned carrier to the address provided in this field. The mailing address must be that of the employer or some other party who has been given power of attorney by the employer. Power of attorney documentation must be attached to the application, when applicable.

If the Mailing Address is a foreign address, check the Foreign Address check box and complete the required address fields.

**4. Principal MA Location**

Enter the principal MA location and phone number. A street address is required; a post office box is not acceptable. If the Principal MA Location is the same as the Mailing Address, check the 'Same as mailing' check box in lieu of entering the address again.

**5. Total Number of MA Locations**

Enter the total number of MA locations.

**6. Other Massachusetts Locations**

Enter another MA location and phone number. To enter an additional location, click the Add New link and complete the required fields. Street addresses are required; post office boxes are not acceptable. If the employer has numerous Massachusetts locations, a list of street addresses and phone numbers may be attached to the application in lieu of entering them in this section.

## 7. Location of Records

Enter the location and phone number of the employer's records. Providing this information permits the assigned carrier to locate the employer's records and schedule audits. If records are not kept at an address of the employer, identify the addressee by adding an attachment to the application.

## 8. Legal Status

Select the exact legal status of the applicant by clicking the appropriate button on the application. If 'Other', you must identify the legal status, (i.e. unincorporated association). Non-profit is not a legal status. The legal status of a husband and wife will be treated as a partnership.

# II. ELIGIBILITY REQUIREMENTS

## 1. Declination Information

Each employer must be rejected by two (2) voluntary market insurance companies who are **licensed** to write workers' compensation insurance in Massachusetts. The two (2) companies rejecting coverage should not be part of the same company group.

List the names, representatives, date(s) of declination, and phone numbers of two insurance companies who have refused to write voluntary coverage for this risk in the past sixty (60) days. Each representative named must be an employee who has authority to bind coverage on behalf of the insurance company. A failure to reach such a representative cannot be construed as a refusal to write coverage.

Check the appropriate (1a.) Yes/No box. If coverage was recently terminated or expired in either the voluntary or residual market, a copy of the cancellation or non-renewal notice that prompted the employer to make application to the Pool must be attached to the application. If **voluntary** coverage was cancelled or non-renewed within the past sixty (60) days, then the cancellation or nonrenewal notice will serve as one of the two required voluntary declinations. An **assigned risk** cancellation or nonrenewal notice will **not** serve as a voluntary declination.

Generally, if voluntary coverage was cancelled or non-renewed at the **employer's** request, the employer is **not** eligible for assignment through the Pool; the insured or producer must replace coverage in the voluntary market.

**Note:** If the employer has received and rejected a renewal offer for voluntary coverage, the WCRIBMA will consider all attached and available information, including the terms of that voluntary offer, when determining if the employer is eligible for Pool coverage.

## 2. Offers of Voluntary Coverage

Check the appropriate Yes/No box.

If 'Yes' to question 2., check the appropriate box for question 2a. concerning the terms of the voluntary coverage offer.

If 'Yes' to both questions (2. and 2a.), attach the details of any offer(s) of voluntary coverage made to the employer within the past sixty (60) days (i.e., offering carrier, date and terms of offer). Also, provide the employer's reason for not wanting to accept the offer. If the employer has received and rejected an offer of voluntary coverage, the WCRIBMA will consider all attached and available information, including the terms of that voluntary offer (multi-line,

deductible, or retrospective rating terms), when determining if the employer is eligible for Pool coverage.

If 'Yes' to question 2. and 'No' to question 2a., then the employer is not eligible for Pool coverage since the employer has received an offer of voluntary coverage that does not include multi-line, deductible or retrospective rating terms. Coverage must be obtained in the voluntary market. Processing of the OAR application is stopped at this point; therefore, the OAR application cannot be submitted.

### **3. Outstanding Premium**

Massachusetts Statute provides that if the employer is in default of premium, that employer is not eligible for coverage in the Pool. If there are any outstanding obligations, complete details must be provided. If outstanding premium is in dispute at the time of application, documentation must be attached to the application to substantiate the employer's dispute. The WCRIBMA will consider all attached and available information in determining whether the employer is eligible for Pool coverage.

If 'Yes' to question 3., select the most appropriate option.

- If Unpaid Premium is selected, provide the Entity Name, Balance and Policy Number(s) of the entity with the outstanding balance.
- If Premium Dispute is selected, a copy of the letter sent by the employer to the carrier disputing the premium with full explanation must be attached to this application for WCRIBMA consideration.
- If Payment Plan is selected, a copy of the signed payment plan agreement between the employer and the carrier must be attached to this application.

### **4. Outstanding Audits or Inspections**

With the exception of a final audit on a recently expired policy, the employer must advise if he has an audit or inspection on a prior workers' compensation policy that remains incomplete. An employer is only eligible for assigned risk coverage if he has complied with all laws, orders, rules and regulations in force and effect relating to the welfare, health and safety of his employees. If an employer has refused to permit a carrier to audit their payroll records or inspect their premises, that employer is not eligible for assigned risk coverage, and his application will be rejected. If an employer has an outstanding audit or inspection due to their failure to cooperate, but has recently scheduled an audit or inspection, then the name and telephone number of a carrier representative should be provided on the application. The WCRIBMA will consider all submitted and available information in determining whether the employer is eligible for Pool coverage.

If 'Yes' to question 4., provide the name of the Insurance Company and the Policy Number(s) that has the outstanding audit or inspection and answer question 4a.

If 'Yes' to question 4a., provide the Insurance Company Contact Name and Contact Phone Number.

## **III. CORPORATE OFFICERS, SOLE PROPRIETORS, PARTNERS & MEMBERS**

**If the employer is a corporation,** list the corporate officers named on the corporate Articles of Organization as filed and approved by the Secretary of State. For each officer provide their full name, title, ownership percentage, Elect/Exempt indicator, a detailed description of their duties in Massachusetts, and their actual annual Massachusetts salary. Corporate officers will be

included unless they are approved to be exempt from coverage by the Department of Industrial Accidents ('DIA').

**To exempt a corporate officer from coverage:** According to M.G.L. c. 152, Section 1(4) as amended by Chapter 169 of the Acts of 2002, workers' compensation coverage is elective for an officer or director of a corporation who owns at least 25% of the issued and outstanding stock of the corporation. In order to become exempt, a **Form 153** must be filed with and approved by the Department of Industrial Accidents in accordance with Regulation 452 CMR 8.06. A copy of Form 153, **stamped and approved by the DIA**, must be attached to the Pool application. Each corporate officer or director who is exempt from coverage as indicated on the **approved** Form must be named on the Pool application along with his title, duties, salary and percentage of ownership. The word 'EXEMPT' must be selected under 'Elect/Exempt' on the application. The payroll of an exempt officer should not be used in the premium calculation.

**If the employer is a sole proprietorship, partnership, LLC or LLP,** provide the full name, title, percentage of ownership, Elect/Exempt indicator, duties of each sole proprietor, partner, LLC member or LLP partner named in the employer's organizational filing, and their actual annual Massachusetts salary. Sole proprietors, partners and members will not be covered unless they elect coverage. Therefore, their salaries should only be included in Section VI of the application if the election for coverage has been made.

**To elect coverage for a sole proprietor, partner or member:** According to M.G.L. c. 152, Section 1(4) as amended by Chapter 169 of the Acts of 2002, sole proprietors and partners of a legal partnership may elect to be treated as employees and obtain coverage for themselves under a workers' compensation insurance policy. (**Note:** All regulations, rules and procedures applicable to sole proprietors and partners with regards to the election of workers' compensation insurance coverage are also applicable to members of LLCs and partners of LLPs.) For a sole proprietor, partner or member to elect Pool coverage in accordance with Regulation 452 CMR 8.07, a signed written request on the **employer's** company letterhead must be attached to the application. The letter must specify the name and duties of each sole proprietor, partner or member who is electing to be covered under this policy. The word 'ELECT' must be written under 'Elect/Exempt' on the application.

Refer to the Department of Industrial Accidents' Regulation 452 CMR 8.00 for additional information. Refer to the Miscellaneous Values page in the MA Manual for the basis of premium to be included in the premium calculation for the sole proprietor or each partner or member who has elected to be covered by the policy. Refer to Rule IX in the MA Manual for premium determination information.

Once electing to be covered under a workers' compensation insurance policy, no sole proprietor, partner or member may opt out of said coverage until the completion of the current policy term.

***Additional References:***

*Circular Letter #2062 dated July 13, 2007 - Revised Methodology for Determining Payroll for Sole Proprietors, Partners of Legal Partnerships and Members of an LLC*

*Circular Letter #2028 dated July 18, 2006 - LLC Members and LLP Partners Elections for Coverage, Revisions to the Massachusetts Workers Compensation and Employers Liability Insurance Manual and Massachusetts Explanatory Notes to National Endorsement WC000310*

*Circular Letter #1942 dated February 2, 2004 - Circular Letters from the Department of Industrial Accidents on Optional Coverage for Members of an LLC and Partners of an LLP*

*Circular Letter #1906 dated January 7, 2003 - Coverage for Sole Proprietors and Partners of Legal*

*Partnerships and Exemption from Coverage of Corporate Officers or Directors - Revisions to the MA Manual & Addition of Massachusetts Explanatory Notes to National Endorsements WC000308 and WC000310*  
*Circular Letter #1902 dated October 30, 2002 - Coverage for Sole Proprietors and Partners of Legal Partnerships and Exemption from Coverage of Corporate Officers or Directors*

## **IV. INSURANCE RECORD**

### **1. Previous Workers' Compensation Insurance**

Check the appropriate Yes/No box concerning prior Massachusetts workers' compensation coverage.

### **2. Insurance Record for Most Recent Three Years**

If 'Yes' to question 1., provide information for the three most recent years of coverage.

### **3. Reason for No Prior Coverage**

If 'No' to question 1., select the reason the employer did not have prior Massachusetts workers' compensation coverage.

### **4. Former Self-Insurers**

Check the appropriate Yes/No box concerning former self-insurers.

**Bona fide former self-insurers, who are subject to the Premium Determination Endorsement - Former Self-Insurers 1, may not apply for MWCARP coverage through this online application. A hard copy application must be submitted to the MWCARP.**

The Premium Determination Endorsement - Former Self-Insurers-1 (WC000409) must be attached to the workers' compensation policies of former self-insurers that obtain coverage through the Assigned Risk Pool. This endorsement must be used when insuring employers for exposures:

- i. which have been self-insured within twelve (12) months immediately preceding the date of the application for initial coverage, or
- ii. which were subject to this endorsement on the employer's expiring policy.

The Premium Determination Endorsement - Former Self-Insurers-1 (WC000409) is not applicable to former members of Self Insurance Groups.

### **5. Bankruptcy**

Check the appropriate Yes/No box concerning bankruptcy.

If 'Yes', copies of all filings approved by the Bankruptcy Court must be attached to the application.

### **6. Out of State Operations**

Check the appropriate Yes/No box concerning out of state operations.

If the employer, or a commonly owned entity, has operations in other states, a list of employer names, states of operation, insurance carriers and interstate or intrastate identification numbers must be attached to the application.

The Pool is **not able** to provide insurance for an employer's operations in any state other than Massachusetts. The Massachusetts Limited Other States Insurance Endorsement is mandatory for all Assigned Risk Pool policies.

**Additional References:**

*Special Bulletin #12-04 dated November 3, 2004 – Massachusetts Limited Other States Insurance Endorsement WC200306A*

*Special Bulletin #9-02 dated July 29, 2002 – Massachusetts Limited Other States Insurance Endorsement WC200306A*

**7.-11. Ownership**

Check the appropriate Yes/No boxes concerning ownership.

If 'Yes' is answered to any question from 7 through 11, an ERM Form (Confidential Request for Information) must be completed by the employer and attached to the application. In lieu of completing an ERM Form, detailed ownership information may be submitted on the letterhead of the insured signed by the owner, partner, corporate officer, or LLC member and attached to the application.

**V. BUSINESS OF EMPLOYER**

**1. Description of Employer's Operations**

Explain the nature of the business completely. Describe for each separate legal entity and/or location, the business in which the employer is engaged. (Do not rely on manual phraseology for this description.)

Also completely describe any changes that have taken place in the past three (3) years that might affect the classification of the operation.

If the allocated space on the application is not sufficient for a **complete** description of the nature of the business or changes to the business, attach a separate sheet to the application for this purpose.

According to Rule IV. D. of the MA Manual, "The object of the classification procedure is to assign the one basic classification which best describes the business of the employer within a state."

**2. Subcontracted Labor**

Check the appropriate Yes/No box concerning subcontracted labor.

**3. Independent Contractors**

Check the appropriate Yes/No box concerning independent contractors.

If 'Yes' to question 3., the employer must maintain documentation which supports that they are, in fact, independent contractors. If such documentation is not available, or if the assigned carrier finds evidence of an employment relationship, then premium will be charged.

**4. Temporary Help Agency**

Check the appropriate Yes/No box concerning temporary help agencies.

Massachusetts Regulation 211 CMR 111.00 states "temporary help services during seasonal or unusual conditions such as temporary skill shortages or temporary special assignments and projects" are not subject to the Regulation. Rather, employers who provide temporary employees to other businesses are able to cover all of their employees on a single workers' compensation policy.

To obtain an Assigned Risk Pool policy that covers temporary employees, a Pool application must be submitted in the name of and by the temporary employment agency. The application is subject to the Eligibility Requirements and Binding of Coverage sections in these procedures.

The employer must sign and attach the Temporary Employment Affidavit form in which the employer affirms they are not operating as an employee leasing company. The employer must also make an attachment to the application providing the following information to determine proper classifications and exposures:

- i. the name and address of each Massachusetts business to whom the temporary employment agency provided employees over the past 12 months, and
- ii. a description of the duties of the employees that were supplied.

If the application is eligible for assignment, the Notice of Assignment (and the subsequently issued policy) will be issued in the name of the temporary employment agency.

#### **5. Employer Leases Employees from Another Business**

Check the appropriate Yes/No box concerning leasing employees from another business.

If 'Yes' to question 5., check the appropriate box for question 5a. concerning whether this application is seeking coverage for the employer's own employees who are not subject to an employee leasing arrangement.

#### ***Applications for Non-Leased Employees of a Client Company:***

Massachusetts Regulation 211 CMR 111.00 states "nothing in 211 CMR 111.00 shall have an effect on the statutory obligation of a client company to secure workers' compensation coverage for employees not provided, supplied or maintained by an employee leasing company pursuant to an employee leasing arrangement". Therefore, if the client company has its own non-leased employees, the client company must have a separate policy providing workers' compensation and employers' liability for these employees.

To obtain an Assigned Risk Pool policy that covers non-leased employees of a client company, a Pool application must be submitted in the name of and by the client company. The application is subject to the Eligibility Requirements and Binding of Coverage sections in these procedures.

An employer who is making application for an Assigned Risk Pool policy who is leasing all or a portion of their workers from an employee leasing company must attach a completed Supplemental Application, Side B. The Supplemental Application, Side B, requires the attachment of a copy of the signed lease agreement and evidence of insurance for the leased employees.

The corporate officers of a client company must be treated as follows:

- If the corporate officers are leased from the employee leasing company, then they must be covered as employees on the employee leasing company's policy.
- If the client company obtains a policy in its own name for employees it employs directly, then the corporate officers of the client company must be covered on that policy, even though they may be leased and covered on the employee leasing company's policy. The corporate officers have a fiduciary responsibility to their corporation and are considered employees thereof. If the corporate officers are not paid by their corporation, then they should be included at the corporate officer minimum payroll in the classification that corresponds to their actual duties.

- If a leased corporate officer exempts himself from coverage by submitting a Form 153 to the DIA, then he can exempt himself from a policy written in the corporate client's name. That exempt officer would not, however, be excluded from the employee leasing company's policy because he is not an officer of the employee leasing company.

If the application is eligible for assignment, the Notice of Assignment (and the subsequently issued policy) will be issued in the name of the client company.

Refer to *Employee Leasing Arrangements* under the Helpful Information of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for more details.

## **6. Employer Leases Employees to Another Business**

Check the appropriate Yes/No box concerning leasing employees to another business.

If 'Yes' to question 6., check the appropriate box for question 6a. concerning whether this application is seeking coverage for the employer's own employees who are not subject to an employee leasing arrangement or for employees leased to a client company.

### ***Applications for Non-Leased Employees of an Employee Leasing Company:***

If the employee leasing company has Massachusetts employees that are not leased to a client company (i.e., non-leased employees), then the employee leasing company needs to obtain a separate policy for these employees.

To obtain an Assigned Risk Pool policy to cover the non-leased employees of an employee leasing company, a Pool application must be submitted in the name of and by the employee leasing company. The application is subject to the Eligibility Requirements and Binding of Coverage sections in these procedures.

If the application is eligible for assignment, a Notice of Assignment (and the subsequently issued policy) will be issued in the name of the employee leasing company and will have endorsement WC200305 attached which restricts coverage to the employee leasing company's non-leased employees. The experience modification of the employee leasing company shall be applied to the Notice of Assignment and to the policy.

Refer to *Employee Leasing Arrangements* under the Helpful Information of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for more details.

### ***Applications for Employees Leased to a Client Company:***

If the application is seeking coverage for employees leased to a client company, provide the required client information in the client fields under question 6a.

In Massachusetts, the manner in which an employee leasing company obtains and maintains its workers' compensation insurance is contemplated by Massachusetts Regulation 211 CMR 111.00. The Regulation provides as follows, where the entity providing employee leasing services (also known as a Professional Employment Organization or PEO) is referred to as an "employee leasing company" and the entity receiving the services is referred to as a "client company".

- The employee leasing company shall obtain and maintain a separate policy providing standard workers' compensation and employers' liability insurance for each client company.



- Each policy written to cover leased employees shall be issued with the employee leasing company as the named insured. Coverage under the policy shall be limited to the named insured's employees leased to the client company. The client company shall be identified on the policy by attaching the Massachusetts Employee Leasing Endorsement, WC200304B, which names the client.
- The experience of all of the employees leased to a client company shall be combined with the experience of the employees of the client company for purposes of calculating an experience modification. The experience modification, so calculated, shall be applied to the client company's policy and all policies maintained for it by a leasing company or leasing companies.

To obtain an Assigned Risk Pool policy that covers workers leased from an employee leasing company to one client company, the employee leasing company must complete a Pool application and a Supplemental Application, Side A. The Supplemental Application, which provides specific information about the client, requires that a copy of the signed lease agreement and a list of all leased employees be provided. The application is subject to the Eligibility Requirements and Binding of Coverage sections in these procedures.

The Pool application form must be completed as follows:

- Section I, General Information, must be completed to provide the information of the employee leasing company. The address of the client company could either be shown in #4, Principal MA Location, for out-of-state leasing companies with no other Massachusetts clients, or in #6, 1st Additional MA Location, for leasing companies with a Massachusetts location.
- Section II, Eligibility Requirements, is a hybrid:
  - Questions 1 and 2 (declinations and offers of voluntary coverage) should be completed by the leasing company specifically with regard to the employees they lease to the client.
  - Questions 3 and 4 (unpaid premium and outstanding audits) is applicable to both i) coverage of the leasing company for this specific client and ii) coverage in the client's own name. According to 211 CMR 111.06(2), "A client company shall not be eligible for coverage pursuant to a workers' compensation policy issued to the employee leasing company if the client company owes its current or prior insurer any premium for workers' compensation insurance." Therefore, if the client company named on the supplemental application owes premium to any of its current or prior insurers, the application submitted by the employee leasing company to cover employees leased to the client company will be rejected.
- Section III, Corporate Officers, Sole Proprietors, Partners & Members, must be completed to reflect the corporate officers of the employee leasing company, not those of the client. Since the policy will only provide coverage for employees leased from the leasing company to the client, the payroll of the leasing company's officers should not be included.
- Sections IV and V, Insurance Record and Business of Employer, must be completed to reflect the information of the employee leasing company, except that V.5., description of operations, must be completed to also include a description of the client's operations. (e.g., ABC Corp, an employee leasing company, leases employees to XYZ Corp, a printing company.)

- Section VI, Massachusetts Classifications, Estimated Exposure and Premium Calculations, must be completed to only include the exposure and premium of the employees leased from the employee leasing company to the one client named on the supplemental application. Note that:
  - The experience modification of the client must be used in the premium calculation.
  - The leased corporate officers of a corporate client are not subject to corporate officer minimum and maximum payroll restrictions because they are not corporate officers of the named insured on the policy. Rather, they will be included on the policy at the level of their actual payroll as paid by the employee leasing company.
- Section VIII, Applicant's Agreement, must be signed by an officer or partner of the employee leasing company.

If the application is eligible for assignment, a Notice of Assignment (and the subsequently issued policy) will be issued in the name of the employee leasing company and will have endorsement WC200304B attached, which restricts coverage to the employees leased to the client company named on the endorsement. The experience modification of the client company shall be applied to the Notice of Assignment and to the policy.

Refer to *Employee Leasing Arrangements* under the Helpful Information of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for more details.

## VI. MA CLASSIFICATIONS, PAYROLLS, AND PREMIUM CALCULATIONS

### Classifications, Payroll and Premium Calculation

Both OAR and the Products and Services section of the WCRIBMA's website contain an Assigned Risk Application Calculator to assist producers and employers in the calculation of workers' compensation insurance assigned risk premium.

Refer to the MA Manual, Appendix F – Residual Market Premium Algorithm, in the Products and Services section of the WCRIBMA's website for a complete explanation of the premium calculation process.

Enter the **Location # and Shift #**.

Classification information must be provided separately for each location and shift. For example, the following instrument manufacturer has two locations with two shifts at one of the locations:

Loc #	Shift #	Class Code	Classification Phraseology	U S L H W	# of Emps	Estimated Remun / Exposure	Rate	Premium
1	1	3685	Instrument Mfg NOC		10	400,000	.77	3,080
1	1	8810	Clerical Emp NOC		3	120,000	.12	144
2	1	3685	Instrument Mfg NOC		15	600,000	.77	4,620
2	1	8810	Clerical Emp NOC		1	50,000	.12	60
2	2	3685	Instrument Mfg NOC		5	225,000	.77	1,733

Enter the **Class Code** and OAR will provide the **Classification Phraseology**.

For assistance in finding the class code, the OAR application Section VI screen has a Class Lookup link. This Class Lookup, which allows the user to search for applicable class codes based on the entered criteria describing the employer's business operations, is also available in the Products and Services section of WCRIBMA's website. Otherwise, the classification code may be taken directly from the existing policy or from Part Two – Classifications of the MA Manual. Payrolls and classifications are subject to review by WCRIBMA Staff and may be changed.

If **USL&HW** (United States Longshore & Harbor Workers' Compensation Act) coverage is allowed and required, check the box following the class code and phraseology.

Enter the **number of employees** by classification.

For both payroll based and per capita class codes, enter the number of employees.

Enter the **Estimated Remuneration / Exposure**.

Enter realistic estimates of expected payrolls/exposure. For per capita class codes, this field is not completed.

If the payrolls shown on the application are lower than those reflected in the most recent audit, WCRIBMA Staff may change the payrolls to the audited amounts. A letter of explanation from the employer may be attached to the application, for consideration by the WCRIBMA Staff, to justify the lower payroll amounts.

In order to verify payroll information, copies of Form 941 (Employer's Quarterly Federal Tax Return) filed with the Internal Revenue Service for the four most recent quarters must accompany all applications. Employers in existence for less than four months do not need to submit these payroll verification forms. Employers with operations in other states must submit copies of Form WR-1 (Employer's Quarterly Report of Wages Paid) filed with the Massachusetts Department of Revenue for the four most recent quarters to verify Massachusetts payrolls. The 941 Form or its equivalent should include gross payroll. Applications should also include an attachment explaining any significant differences between the annualized payrolls on the 941s or WR-1s and the payrolls on the application. In the event of any unexplained variance, the WCRIBMA or the assigned carrier will determine whether additional data or a preliminary audit is appropriate.

OAR will provide the appropriate **Rate** after entry of a valid class code and will calculate the class **Premium** after entry of the estimated Remuneration / Exposure.

If the **Waiver of Our Right to Recover From Others Endorsement** is required by contract, select 'Yes' from the drop down menu and enter the whole dollar premium charge you have calculated.

The Waiver of Our Right to Recover From Others Endorsement, WC000313, is available only to employers who require the endorsement by contract. When making application for coverage, a copy of the contract must be provided. The payroll and class code(s) allocated to that contract must be provided on an attachment to the application. The premium charge is 2% of the Manual Premium Subject to Waiver of Subrogation for the specific job for which the endorsement is issued.

If increased limits for **Employers Liability** are desired, select the desired limit from the drop down menu.

The **standard limits** for Part Two – Employers Liability Insurance, code 9845, which are provided at no additional cost, are:

\$100,000 per Accident – each Accident  
 \$100,000 per Disease – each Employee  
 \$500,000 per Disease – each Policy

The **increased limits** for Part Two – Employers Liability Insurance available in the Pool are:

Limits (\$)	Percentage	Minimum	Class Code
100,000/100,000/1,000,000	.50%	\$75.00	9803
500,000/500,000/500,000	1.00%	\$50.00	9807
500,000/500,000/1,000,000	1.25%	\$75.00	9808
1,000,000/1,000,000/1,000,000	2.00%	\$75.00	9812

If a **Deductible** is desired, select the amount from the drop down menu.

The Massachusetts Benefits Deductible Program and the Massachusetts Benefits Claim and Aggregate Deductible Program are available on Assigned Risk Pool policies, excluding those policies subject to the Premium Determination Endorsement - Former Self-Insurers 1. The premium credit for deductible coverage is obtained by applying the appropriate premium reduction percentage to the Manual Premium. Refer to *Deductible Programs* in the Helpful Information / Program Overviews section on the WCRIBMA’s website for details of the program.

**Note:** Employers selecting the \$5,000 deductible are required to provide collateral deemed adequate by the insurer.

If the employer qualifies for **Experience / Merit Rating**, enter the experience rating factor (experience modification or merit rating) in effect as of the requested effective date, e.g., 1.10 or .95.

For assistance in finding the experience rating factor, the OAR application Section VI screen has a Mod Lookup link. An employer’s experience rating history can also be accessed through the Experience Rating History page found in the Products and Services section of the WCRIBMA’s website. Instructions for obtaining physical copies of experience ratings can be found in the FAQs section the WCRIBMA’s website. Experience rating factors are not available over the telephone. For experience rating eligibility levels, refer to the Miscellaneous Values page of the MA Manual. Refer to the *Experience Rating Plan* or *Merit Rating Program* under the Helpful Information / Program Overviews section of the WCRIBMA’s website for details of these programs.

If the employer has a **Massachusetts Construction Classification Premium Adjustment Program Credit** in effect as of the requested rating date, select the percentage from the drop down menu.

The Construction Classification Premium Adjustment Program credit for a **qualified** employer is applied to Modified Premium and is included in Standard Premium. Refer to the Special Programs pages of the MA Manual or *Massachusetts Construction Classification Premium Adjustment Program (MCCPAP)* under the Helpful Information / Program Overviews section of the WCRIBMA’s for the details of this program.

If the employer has qualified for an **ARAP** (All Risk Adjustment Program) factor, enter the ARAP factor in effect as of the requested effective date, e.g., 1.10.

The ARAP factor from the applicable experience modification rating sheet is applied to the Standard Premium. Refer to the Experience Rating Plan Manual or *All Risk Adjustment Program (ARAP)* under the Helpful Information / Program Overviews section of the WCRIBMA’s website for the details of this program.

If the employer has qualified for a **QLMP** (Qualified Loss Management Program) credit, enter the QLMP credit in effect as of the requested effective date, e.g., 5 or 5.25.

The QLMP credit for a **qualified** employer is applied to Premium Subject to QLMP. Refer to the Special Programs pages of the MA Manual or *Qualified Loss Management Program (QLMP)* under the Helpful Information / Program Overviews section of the WCRIBMA's website for the details of this program.

The **Balance to Admiralty/FELA Minimum Premium** will be calculated by OAR, if applicable.

The Balance to Admiralty/FELA Minimum Premium is applicable only when there are Admiralty or FELA payrolls on the application, and the Admiralty or FELA premium is less than the minimum premium. The amount entered into this field is the difference between the minimum premium and the developed Admiralty or FELA premium.

The **Loss Constant** will be calculated by OAR, if applicable.

If the Premium Subject to Loss Constant is less than \$500, a Loss Constant may be applicable. Refer to Rule VI D. of the MA Manual for details of when a Loss Constant is applicable and to the Massachusetts Rates pages for the Loss Constant amount(s).

The **Expense Constant** will be calculated by OAR, if applicable.

Refer to Rule VI E. in the MA Manual for an explanation of the Expense Constant. Refer to the Miscellaneous Values page of the MA Manual for the Expense Constant amount(s). The full expense constant must be included in the Deposit Premium.

The **Terrorism Premium** will be calculated by OAR, if applicable.

Terrorism Premium is calculated by dividing the total amount of payroll (excluding per capita counts, seat counts for the aircraft seat surcharge, or exposures included only for supplemental rate charges) by 100 and multiply the result by the terrorism rate. Refer to the Miscellaneous Values page of the MA Manual for the terrorism rate.

The **Premium Subject to Total Policy Minimum Premium** and the **Total Policy Minimum Premium** are calculated by OAR.

The Total Policy Minimum Premium is the sum of the Employers' Liability Increased Limits Minimum Premium, the Admiralty/FELA Minimum Premium, and the Classification Premium. It is the lowest total policy premium for a policy period not longer than one year.

The **Total Estimated Premium** is calculated by OAR.

Refer to the MA Manual, Appendix F – Residual Market Premium Algorithm, in the Products and Services section of the WCRIBMA's website for a complete explanation of the premium calculation process.

The **DIA Assessment** will be calculated by OAR, if applicable.

DIA Assessment should be applied to the DIA Standard Premium, at WCRIB of Massachusetts manual rates, prior to the effects of any approved rate deviation or scheduled rating adjustment. The DIA assessment does not apply to premium developed from Admiralty/FELA classes, classes whose rate has been adjusted to reflect USL&HW exposure, supplemental non-ratable classes, or supplemental rate - atomic energy exposure.

M.G.L. Chapter 152, Section 65 established the Massachusetts Department of Industrial Accidents (DIA) special fund and assessment charge. On behalf of the DIA, all carriers are required to bill and collect the assessment charge and to remit the amounts collected to the State Treasury. The

Massachusetts DIA Assessment is a charge that is added to the Total Estimated Premium. DIA Assessment charges are not to be considered premium. Refer to *Department of Industrial Accidents (DIA) Assessment* under the Helpful Information / Program Overviews section of the WCRIBMA’s website for details on the calculation of DIA Assessment and the definition of DIA Standard Premium.

The **Total Est. Premium plus DIA Assessment** is calculated by OAR.

The DIA Assessment charge is added to the Total Estimated Premium.

Select the desired installment basis from the **Deposit Premium** drop down menu and OAR will calculate the Deposit Premium.

If the premium is financed, the installment basis must be Annual.

The required Deposit Premium is calculated, as follows, because the assigned carrier is entitled to 100% of the Expense Constant at the time of policy issuance.

- The Expense Constant is subtracted from the Total Est. Premium plus DIA Assessment.
- The appropriate deposit factor is applied to the amount calculated in previous step. (The Monthly factor is .25, the Quarterly factor is .50 and the Semi-Annual factor is .75)
- The full Expense Constant is added to the amount calculated in previous step.

**Admiralty or FELA Higher Limits of Liability**

If an Admiralty or FELA class code is entered in the Section VI., check the appropriate Yes/No box concerning Admiralty or FELA higher limits of liability 25,000/25,000.

**Coverage II Voluntary Compensation Selection**

If Yes to the Admiralty/FELA Higher Limits of Liability question, select the desired Coverage II, Voluntary Compensation selection.

**VII. DEPOSIT REQUIRED**

**1. Installment Options**

The employer can choose, depending on premium size, to have either one annual payment or an installment plan. An employer can choose any installment plan that is based on a premium level that is less than their current Total Estimated Premium. The installment basis chosen determines the minimum deposit premium to be collected according to the following table:

Total Premium	Installment Basis	Deposit Factor	Additional Payments
Under \$5,000	Annual	100%	None
At least \$5,000	Semi-annual	75%	One
At least \$10,000	Quarterly	50%	Three
At least \$25,000	Monthly	25%	Nine

The assigned carrier on its own initiative, at the direction of the WCRIBMA, or at the request of the insured, may conduct interim audits to ensure the adequacy of the estimated annual premium. All payments, premiums and payment plans are subject to adjustment at interim or final audit.

There will be no finance or billing charges associated with installment plans. The DIA Assessment is not premium and should not be used in determining eligibility for installment plans. One hundred percent (100%) of the expense constant is required at the time of application, in addition to the deposit premium. All additional payments shall be equal payments, the sum of which, when added to the Deposit Premium, shall equal 100% of Total Est. Premium plus DIA Assessment.

Refer to Reinstatement of Policy in the Pool Procedures for Existing Policies for information about the loss of the installment option when a policy has been cancelled more than once by the carrier for nonpayment of premium.

## **2. Premium Financing**

Check the appropriate Yes/No box concerning premium financing.

If the premium is being financed, a copy of the legal finance agreement, signed by the employer, must be attached to the application and 'Annual' must be selected from the Deposit Premium drop down menu.

## **VIII. APPLICANT'S AGREEMENT**

Enter the Business Name of the Employer, the Employer's (electronic) Signature, and the Employer's Title.

By signing this application, the employer certifies that:

- i. He is the employer or has been authorized by the employer to complete this application on its behalf;
- ii. He has read and understands the following statements to which he agrees by signing this application; and
- iii. All information provided in this application and on its attachments is true.

In consideration of the issuance of a Notice of Assignment and subsequent policy of insurance, the employer certifies, under the pains and penalties of perjury, that:

1. He made a good faith effort, but failed to obtain voluntary coverage through the MA voluntary workers' compensation insurance market;
2. He is not knowingly in default of premium on any MA workers' compensation insurance policy;
3. He has complied and will continue to comply with all laws, orders, rules and regulations in force and effect relating to the welfare, health and safety of employees, including but not limited to:
  - a. Allowing the carrier to make a careful inspection of his operation(s) for the purpose of measuring the hazards, making recommendations for the health and safety of employees, and determining the rate or rates which are adequate and reasonable;
  - b. Complying with the carriers' reasonable recommendations aimed at controlling or reducing the hazard(s) insured against;
  - c. Keeping records of information needed to compute premium and providing the carrier with copies of those records when asked for them;
  - d. Fully cooperating with the carriers' attempts to conduct premium audits or inspections of the premises for loss control purposes.

By signing, the employer affirms his understanding that compliance with each of these certifications is material to the issuance of Assigned Risk Pool coverage. An agent or producer cannot sign the application on behalf of the employer.

## **IX. AGENCY INFORMATION AND PRODUCER'S STATEMENT**

Enter the Agency Name, Agency Federal Identification Number, Agency License Number, Agency Mailing Address, Agency Phone Number, Producer Name, Producer (electronic) Signature and the Date. Information in some of these fields may be prefilled with agency information reported by the agency on their Group Membership Application. Prefilled information may be corrected, as needed.

The producer must check the following three check boxes to certify that:

- he/she is the producer of record;
- he/she has reviewed Section VIII of the application with the applicant prior to his/her signing; and
- he/she acknowledges the signature to the application are original signatures. He/she requests, on behalf of the applicant, the designation of an insurance company to provide insurance in accordance with the provisions of the Massachusetts Workers' Compensation Assigned Risk Pool and he/she certifies that they have reviewed the applicant's responsibilities with the applicant and will retain a copy of the completed application with the applicant's and the producer's original signatures for a period of not less than five (5) years.

Pursuant to M.G.L. Chapter 152, Section 65O, any employer who obtains insurance through the Assigned Risk Pool is entitled to designate any licensed insurance agent or insurance broker to assist him in dealing with the insurer to which he is assigned or with the WCRIBMA. Although the producer provides an important service to the employer, the producer is not a contract agent or agency of the assigned carrier, and has no authority to bind or cancel Pool coverage, to issue certificates of insurance, or to otherwise act as an agent of the WCRIBMA or the assigned carrier. Unless a legal finance agreement exists that assigns cancellation or premium refund collection rights to a third party, all premium transactions are strictly between the assigned carrier and the employer; the producer is not a party to the policy contract. If there is still a question about the producer's authority, the WCRIBMA or assigned carrier should be contacted.

Producers not licensed in Massachusetts will not receive a producer fee.

By signing the application, the producer is certifying, under the pains and penalties of perjury, that all information provided is true to the best of his/her knowledge and belief and that he/she has made a good faith effort to place the coverage in the voluntary market as required by M.G.L. Chapter 152, Section 65A.

## **MANAGE ATTACHMENTS**

If OAR has determined that an attachment(s) is required, based on the information entered on the application, OAR will list the Required Attachments under the Manage Attachments section. Add one type of attachment at a time.

To add a required attachment, click on the name of the required attachment. From the Manage Attachments window, click on the top Browse button and another window will open that will allow you to locate the file on your pc that you wish to attach. Locate and select the file on your pc then click open. Once the name of the document appears in the window to the left of the



Browse button, click Save. Follow this same procedure until all required attachments are attached.

**Note:** if you do not attach a required attachment under the correct name (Attachment Type), OAR cannot determine that the required attachment is attached.

To add a document that is not required, click on the Add New Attachment link. From the Manage Attachments window, select the appropriate Attachment Type from the Attachment Type drop down menu. Some Attachment Types allow either the attachment of a File or Free Form Text.

- To add a file, click on the top Browse button. Another window will open that will allow you to locate the file on your pc that you wish to attach. Locate and select the file on your pc then click open. Once the name of the document appears in the window to the left of the Browse button, click Save.
- To add Free Form Text, select the Free Form Text option. Another window will open that will allow you to enter the free form text message, then click the Save button.

If the employer has a Stop Work Order issued by the Department of Industrial Accidents, attach a copy of the Stop Work Order to the application before submitting. From the Attachment Type drop down menu, select 'Stop Work Order' as the Attachment Type when attaching a Stop Work Order.

For joint ventures, a copy of the joint venture agreement must be attached to the application.

When finished adding attachments, from the Manage Attachments screen, view the list of attachments. Open all attachments, one at a time, to be certain all documents are correctly named and can be opened. If any attachments cannot be opened or are incorrectly named, delete them from OAR using the 'X' icon to the right of the document name. As needed, go back and attach the file again or rescan the document to create a readable pdf and attach again. When finished with attachments, submit the application.