



March 30, 2016

**CIRCULAR LETTER NO. 2277**

**To All Members and Subscribers of the WCRIBMA:**

**ADMIRALTY AND FEDERAL EMPLOYER'S LIABILITY ACT  
CLASS RATE REVISIONS**

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The Commissioner of Insurance has approved a Stipulation for the revision of the rules and rates applicable to risks classified in the Admiralty and Federal Employer's Liability Act (FELA) classes, effective 12:01 A.M., July 1, 2016, applicable to new and renewal policies. This includes:

1. Elimination of eight (8) Admiralty Program I classifications and their corresponding Admiralty Program II classifications.
2. Adoption of the national Program II USL&H Act classifications for the five (5) remaining sets of Admiralty classifications and FELA classifications and establishment of manual rates for these classifications. These classifications shall apply only to payroll of employees engaged in operations subject to the USL&HW Act.
3. Adoption of national phraseologies for the remaining five (5) Admiralty Program I classifications and their corresponding Admiralty Program II classifications.
4. Revision of the basic standard liability limits for Admiralty and FELA classes to a flat per occurrence amount of \$10,000 rather than the current \$5,000 per person/\$10,000 per occurrence.
5. Policyholders in the residual market will have the option to purchase up to \$100,000 in increased limits of liability under Part Two-Employer's Liability Insurance for Admiralty and FELA coverage. Currently, residual market policyholders are only able to purchase up to \$25,000 in increased limits of liability under Part Two-Employer's Liability Insurance for Admiralty and FELA coverage.

6. Elimination of the current convoluted procedure for applying higher limits of liability. Rule XIII-C is amended to introduce a simpler procedure, similar to the currently approved procedure in Massachusetts for calculating Employer's Liability increased limits. Under the amended procedure, the premium for Admiralty and/or FELA increased limits of liability will be determined by applying the increased limit factor in the Admiralty and FELA Increased Limit Table to the Manual Premium for Admiralty or FELA classifications.
7. Change the name of Coverage I & Coverage II to Program I & Program II.

Revised Massachusetts manual rate pages will be distributed and will be available on our website at [www.wcribma.org](http://www.wcribma.org). Attached is a copy of the Commissioner's Decision and Order and the Stipulation, as well as the WCRIBMA's November 15, 2015 Filing Memorandum indicating the Purpose, Background, Proposal, Impact and Implementation of this Item.

Please contact me at 617-646-7594 or [dcrowley@wcribma.org](mailto:dcrowley@wcribma.org) if you have any questions.

DANIEL M. CROWLEY, CPCU  
Vice President – Customer Services

Attachments



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**Rate Filing of the Workers' Compensation Rating and Inspection Bureau  
for a Revision of the Rules and Rates Applicable to Risks Classified  
in the Admiralty and Federal Employers Liability Act Classes.  
Docket No. R2015-01**

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**Decision and Order**

**I. Introduction and Procedural History**

On December 3, 2015, the Workers' Compensation Rating and Inspection Bureau of Massachusetts ("WCRIB"), on behalf of its members, submitted a filing for a revision of the rules and rates applicable to workers' compensation insurance covering risks classified in the Admiralty and Federal Employer Liability Act ("FELA") classes, to be effective July 1, 2016 ("the Filing"). The Filing was supplemented on December 8, 2015 by written testimony from the WCRIB's witness, Daniel Crowley. The Commissioner of Insurance ("Commissioner") designated Jean F. Farrington, Esq. and Stephen M. Sumner, Esq. as presiding officers on this matter. A notice of hearing was issued on December 21, 2015, scheduling a public comment hearing for January 20, 2016. On January 5, 2016, the Attorney General ("AG") filed a notice of intent to appear and participate.

Representatives of the State Rating Bureau in the Division of Insurance ("SRB") and the WCRIB spoke at the public comment hearing. Because the parties were exploring settlement, no cross-examination was scheduled at that time. On February 26, 2016, the parties submitted a stipulation (the "Stipulation") resolving matters addressed in the Filing.

## **II. Statutory Framework**

Massachusetts General Laws, Chapter 152, §53A (“§53A”) sets out the statutory requirements for obtaining approval of rates for Massachusetts workers’ compensation insurance. Subsection (1) requires any insurance company writing workers’ compensation insurance in the Commonwealth to file its risk classifications and premiums with the Commissioner, either directly or through a rating organization authorized to act on its behalf. The Commissioner thereafter conducts a hearing to determine whether the classifications and rates are not excessive, inadequate, or unfairly discriminatory for the risks to which they effectively apply, and fall within a range of reasonableness.

In addition to these general requirements, §53A (12) specifically states that the Commissioner shall not approve classifications or rates that provide for any of the following: 1) dividends, unabsorbed premium deposits, savings or other payments allowed or returned by the insurer to policyholders, members, subscribers, or stockholders; 2) expenses that exceed the filing insurer’s expense needs; and 3) commission allowances that are not demonstrated to be reasonable and to reflect the actual cost to the agent or broker of services they provide.

## **III. Background**

According to the WCRIB, this rate filing is intended to modernize the existing Admiralty and FELA classes and to make them consistent with their counterparts in other jurisdictions nationwide. It points out that the workers’ compensation coverages for those classes are the same in Massachusetts and nationally, but that Massachusetts, since 1951, has not revised the rules and regulations defining and otherwise applicable to those classes. Twice since then, in 1975 and 1996, the National Council for Compensation Insurance (“NCCI”) issued revised rules that, in general, reduce the number of Admiralty classifications and modernize the phraseology describing those classes. Because of the limited number of Massachusetts exposures in the Admiralty and FELA classes, the WCRIB did not adopt the NCCI revisions. This filing is the WCRIB’s response to inquiries from its member carriers about adopting national rules that will conform Massachusetts practices to those in effect in other jurisdictions in which they write Admiralty and FELA risks.

## **IV. The Filing**

The WCRIB’s filing memorandum identified eight proposed changes to the workers’ compensation programs for Admiralty and FELA classes. Three of those eight changes conform

the Massachusetts classifications and classification descriptions (“phraseologies”) to those proposed by the NCCI in 1975 and 1996, which were adopted in most jurisdictions nationwide. Two changes relate to the standard limits of coverage available and the procedure for calculating premiums for increased limits. The standard liability limits for Admiralty and FELA classes have been revised to a flat \$10,000 per occurrence amount rather than a \$5,000 per person/\$10,000 per occurrence model. The WCRIB proposes to raise, from \$25,000 to \$100,000, the amount of optional increased limits coverage that policyholders in the residual market may purchase under Employers Liability Insurance for Admiralty Law. The procedure for calculating the premium for policyholders applying for higher limits of liability has been simplified. Three other proposed changes sought to phase out over a ten year period the existing \$300 per week payroll cap for risks in the Admiralty and FELA classes, to amend the Massachusetts Statistical Plan for Workers' Compensation Insurance, and to limit FELA coverage to the voluntary market.<sup>1</sup>

#### **V. The Stipulation**

The Stipulation states that no party will object to or appeal from an order approving the Stipulation on condition that the WCRIB withdraws 1) the proposed changes to the Statistical Plan that were documented in Exhibit 14 to its Filing; 2) the proposal to eliminate the \$300 per week payroll cap over time, documented in Exhibit 11 to its Filing; and 3) the proposal to limit FELA coverage to the voluntary market for workers' compensation insurance. The WCRIB will revise the manual pages submitted as Exhibit 12 to its Filing in accordance with the Stipulation.


We find that the Stipulation submitted by the Parties will provide for classifications or premiums that are “not excessive, inadequate, or unfairly discriminatory for the risks to which they respectively apply, and fall within a range of reasonableness.” Therefore, we approve the Stipulation, and herein ORDER that, in accordance with the terms of the Stipulation, the proposed revisions to the classifications, rating methods and rates for risks in the Admiralty and FELA classifications, as set out in the December 3, 2015 Filing, shall apply to new and renewal policies effective on and after July 1, 2016. It is further ORDERED that no changes shall be made to the current payroll caps for Admiralty and FELA classifications, that the Filing shall not initiate changes to the Massachusetts Workers' Compensation Statistical Plan, and that FELA


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<sup>1</sup> The proposed changes to the statistical plan encompass a variety of reporting requirements including, but not limited to, changing the statistical codes for reporting Admiralty or FELA increased limits.

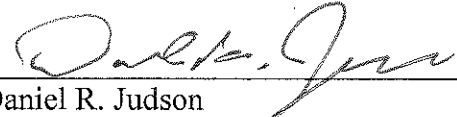
coverage shall not be limited to the voluntary market for workers' compensation coverage but shall be available to risks insured through the Massachusetts Workers' Compensation Assigned Risk Pool. Any electronic rate filing on the Admiralty and FELA rates submitted by the WCRIB shall be revised to conform to the terms of the Stipulation.

ENTERED this 23rd day of March 2016.

  
Stephen M. Sumner  
Presiding Officer

  
Jean F. Farrington  
Presiding Officer

AFFIRMED:

  
Daniel R. Judson  
Commissioner of Insurance

March 23, 2016

November 6, 2015

## **Filing Memorandum**

### **ADMIRALTY AND FEDERAL EMPLOYER'S LIABILITY ACT CLASS RATE REVISION**

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#### **Purpose**

The purpose of this filing is to update the Admiralty and Federal Employer's Liability Act (FELA) programs in Massachusetts. The Admiralty and FELA coverages in Massachusetts are the same as provided nationally, however the rules and rates for these coverages have not been revised in Massachusetts since 1951. Since that time, the National Council on Compensation Insurance, Inc. (NCCI) and other independent rating bureaus have put into place a number of revisions to the rates and rules applicable to Admiralty and FELA coverages. These revisions include:

1. Eliminating redundant classifications by merging classes.
2. Modernizing phraseologies by adopting national phraseologies for remaining classes.
3. Adoption of National Program II USL&H Act benefit classes.
4. Revising coverage basis from per person/per occurrence to per occurrence.
5. Revising increased limits table and factors.
6. Adopting statistical codes 9817-9822 and 9840 for reporting Admiralty/FELA increased limits.
7. Eliminating the \$300 per week payroll limitation in the rating process.
8. Restricting FELA coverage to the voluntary market.

#### **Background**

On July 9, 1975, the NCCI introduced filing Item B-1101- *Revision of Rules relating to Maritime or Federal Employments (Exhibit 1)*. The primary purpose of Filing Item B-1101 was to remove from the manual rules the standard rates and rating procedures that were applicable to Admiralty and FELA coverage and replace them with a new approach that would allow there to be an annual updating of the rates. Several of the Admiralty classifications were eliminated as being redundant and phraseologies for the remaining classifications were modernized.

On July 1, 1996, the NCCI introduced filing Item B-1333 – *Revisions of Basic Manual Classifications and Related Rules (Exhibit 2)*. One of the key purposes of Filing Item B-1333 was to further reduce the number of Admiralty classification codes that were available for workers' compensation purposes. It should be noted that a vast majority of NCCI states and all of the other independent rating bureaus adopted Filing Item B-1333 that reduced, by merger or discontinuance, the number of available Admiralty classifications.

In Massachusetts, the standard workers' compensation insurance policy can, by endorsement, provide;

- Employer's liability coverage under Admiralty jurisdiction for the operation of vessels, dredging or marine wrecking, and/or
- Federal Employers Liability Act (FELA) coverage, for the operations of railroads engaged in interstate commerce.

Although Admiralty and FELA coverage has been, and continues to be, available through endorsement to the Massachusetts workers' compensation policy, there are little to no exposures in Massachusetts for the Admiralty or FELA classifications. Because of the very limited exposures in Massachusetts, the 1975 and 1996 NCCI filings were not adopted. Recently, the WCRIBMA has been asked by some of its member carriers to explore adopting the national rules and procedures for providing Admiralty and FELA coverages on a Massachusetts workers' compensation policy. These member carriers are developing new operating systems and would like to eliminate any unnecessary differences in the Massachusetts rules so that they can program their systems to provide these same coverages in an identical manner for all states.

## **Proposal**

The WCRIBMA proposes to adopt the current countrywide rules, classification codes, classification phraseologies and rating methods for our like Admiralty and FELA coverages.

This Filing proposes to implement the following items in Massachusetts:

- Eliminate eight (8) Admiralty Program I classifications and their corresponding Admiralty Program II classifications.
- Adopt the national phraseologies for the remaining five (5) Admiralty Program I classifications and their corresponding Admiralty Program II classifications.
- Adopt the national Program II USL&H Act classifications for the five (5) remaining sets of Admiralty classifications and FELA classifications and establish manual rates for these classifications. The Massachusetts current rates for Admiralty/FELA classifications under Program I and Program II – State Act benefits do not include premium for operations subject to the USL&HW Act. If operations under such classifications involve some employees subject to the USL&HW Act, they will now be assigned the classifications and rates for Program II – USL&HW Act benefits applicable to such operations. Such classifications shall apply only to payroll of employees engaged in operations subject to the USL&HW Act.



- The basic standard liability limits for Admiralty/FELA classes are being revised to a flat per occurrence amount of \$10,000 rather than the current \$5,000 per person/\$10,000 per occurrence. Policyholders in the residual market will have the option to purchase up to \$100,000 in increased limits of liability under Part Two-Employers Liability Insurance for Admiralty Law. Currently, residual market policyholders are only able to purchase up to \$25,000 in increased limits of liability under Part Two-Employers' Liability Insurance for Admiralty Law.
- Amend the current convoluted procedure for applying higher limits of liability under Rule XIII - C - Limits of Liability, of the Massachusetts Workers' Compensation & Employers Liability Insurance Manual ("MA Manual"). Rule XIII-C would be amended to introduce a simpler procedure, similar to the currently approved procedure in Massachusetts for calculating Employers Liability increased limits. Under the amended procedure, the premium for Admiralty and/or FELA increased limits of liability under the policy will be determined by applying the increased limit factor in the Admiralty and FELA Increased Limit Table to the Manual premium for Admiralty or FELA classifications.
- Implement a 10 year transition program that will gradually phase out the \$300 per week payroll cap.
- Adopt statistical codes 9817-9822 and 9840 for reporting Admiralty or FELA Employers Liability Increased Limits when increased limits are selected from the table in the MA Manual. The premium resulting from the use of these statistical codes will be subject to experience rating.
- Limit FELA coverage to the voluntary market
- Change the name of Coverage I & Coverage II to Program I & Program II

**Exhibit 3** displays the proposed Program I and Program II rates along with the proposed phraseology for the Admiralty classifications.

**Exhibit 4** displays the proposed Program I and Program II rates along with the proposed phraseology for the FELA classifications.

**Exhibit 5** provides a comparison of the current Massachusetts Program I and Program II rates for Admiralty and FELA classifications with the current rates in NH and RI.

**Exhibits 6** provides a comparison of the proposed Massachusetts Program I and Program II rates for Admiralty and FELA classifications with the current rates in NH and RI.

**Exhibit 7** provides a comparison of the current and proposed phraseologies for the Admiralty classifications.

**Exhibit 8** provides a comparison of the current and proposed phraseologies for the FELA classifications.

**Exhibit 9** shows reassigned Admiralty classifications with their current and proposed classifications and rates.

**Exhibit 10** shows the current increased limits table for Admiralty and FELA classifications and the proposed increased limits table for Admiralty and FELA classifications.

### **Proposed Changes to the Massachusetts Workers' Compensation Statistical Plan**

This Filing also proposes to address “housekeeping type” changes to the Massachusetts Workers' Compensation Statistical Plan that are unrelated to this filing. These changes are minor in nature and do no impact any current WCRIBMA data reporting programs or procedures. Several of the proposed changes relate to a request from the Division of Insurance to clarify that Section IV, the Examinations and Reconciliations section of the Statistical Plan, includes reconciliations of ARAP premium, QLMP premium, Construction Credits and claim counts (**Exhibit 14**).

### **Impact**

In essence, the same coverages will be continued under the proposed revised rules as have been provided under the current Massachusetts rules. In 2013, the most recent date for which the WCRIBMA has relevant data, there were 134 (8 voluntary market and 126 residual market) policies that included Admiralty coverage with manual premium from the Admiralty classifications totaling approximately \$762,128 (\$337,263 voluntary market and \$424,865 residual market). There were no policies in either the voluntary or residual market during 2013 that included coverage under FELA.

Approval of this filing will result in approximately 46 policyholders being reassigned to a new Admiralty classification as a result of their current admiralty classification being eliminated.

- 35 policyholders, which are currently written under Codes 7019/2027 – “Ferries” (\$6,421/0.8% manual premium), Codes 7039/7091 – “Fishing Vessels – Pound Fishing or Not Seagoing” (\$1,218/0.2% manual premium), Codes 7079/7097 – “Oystermen” (\$56,470/7.4% manual premium), Codes 7020/7028 – “Supply Boats or Tugboats” (\$7,752/1.0% manual premium), Codes 7036/7088 – “Sailing Vessels” (\$14,051/1.8% manual premium), or Codes 7334/7336 – “Dredging” (\$0/0% manual premium) will be assigned to an identically rated Admiralty classification (**See Exhibit 9**).
- 4 policyholders which are currently written under Codes 7075/7093 – “Fishing Vessels – Sea Going” (\$13,921/1.8% manual premium) will be reassigned to Code 7016/7024 – “Vessels NOC” that carries a lower rate (**See Exhibit 9**).

- 7 policyholders which are currently written under Codes 7037/7089 – “Yachts - Private” (\$19,798/2.6% manual premium) will be reassigned to Code 7038/7090 – “Boat Livery” that carries a higher rate (**See Exhibit 9**).
- 6 policyholders will see their premiums decrease as a result of Code 7016 and 7024 (\$12,971/1.7% manual premium) taking on the rates of \$1.88 and \$2.35 respectively. This change is being proposed because there are far more policyholders that are being merged into Code 7016 and 7024 that are currently assigned to classifications that have these associated rates than are currently written under Codes 7016 and 7024.
- 88 policyholders will have the same classification codes and rates that they are assigned to currently (\$629,526/82.7% manual premium).

After reviewing the exposures that exist in Massachusetts according to the Unit Statistical Data reported to the WCRIBMA, six classification codes were identified as the primary contributors to both the exposure and the manual premium for Admiralty and FELA classifications in Massachusetts. For policy year 2013, these six class codes totaled approximately \$675,000 of manual premium and made up almost 90% of the total Admiralty and FELA manual premium. These classes are:

- 7089 YACHT - PRIVATE - SAIL OR POWER: COV II
- 7024 STEAMERS - ALL KINDS: COV II
- 7090 BOAT LIVERY-PWR, SL, RWBT FOR FISHNG / PLEASR, UND 15T: COV II
- 7097 OYSTERMEN-PLANTING, HARVESTING OR OPERATION OF BOATS: COV II
- 7394 WRECKING: WRECKING-MARINE: COV I
- 7395 WRECKING: WRECKING-MARINE: COV II

Commercial divers, which fall under both Code 7394 and Code 7395, were identified as a relatively high wage profession represented by these Codes. Commercial diving is also a profession for which wage data exists in the latest Bureau of Labor’s Occupational Employment and Wages study (May of 2014). Based on the wage data for commercial divers, the WCRIBMA has determined that \$1,600 is a reasonable weekly wage estimate for a commercial diver at the 90% percentile of wages for commercial divers.

The WCRIBMA proposes a ten year transition program to eliminate the current \$300 per week payroll cap applicable to Admiralty and FELA. The transition program would call for annual increases in the payroll cap for the next ten years and the complete elimination of the payroll cap after that time. The proposed annual increases to the payroll cap would be 20%. The 20% is derived from the relationship of the current cap of \$300 and the \$1,600 estimate for a well-paid commercial diver which is being used as a proxy for high wage earners classified as Admiralty or FELA.

Since the expectation is that wage rates will continue to grow annually during the transition period, the WCRIBMA selected a somewhat higher annual increase of 20%. The cap would be revised every October 1st to coincide with the changes to the Statewide Average Weekly Wage (“SAWW”) and other miscellaneous rating values such as the Basis of Premium for Sole Proprietors. The table in **Exhibit 11** lists the proposed revised payroll caps applicable during the transition period.

At such time that the \$300 weekly payroll cap has been phased out, the WCRIBMA will conduct a review of the rates for all Admiralty and FELA classifications.

Limiting FELA coverage to the voluntary market will have no impact to any current policyholders, as there are no voluntary or assigned risk Massachusetts workers’ compensation policies currently endorsed to provide this coverage. FELA is a U.S. federal law applicable to interstate railroads that was enacted in 1908 to protect and compensate railroad workers injured on the job who can prove that the railroad was at least partly negligent in causing the injury. Unlike workers’ compensation, FELA is a fault based system. To receive benefits under FELA, the injured railroad worker must prove that the injury was caused in whole or in part by the negligence of a railroad employer, its agent or contractor, or from a faulty piece of equipment. Under FELA, if the worker is not found to be 100% at fault, he has the right to sue for damages in either a state or federal court, which is not an option for workers’ compensation claimants. FELA is not a workers’ compensation law and should not be required to be reinsured by the members of the Massachusetts Workers’ Compensation Assigned Risk Pool.

## **IMPLEMENTATION**

In order to implement this item, the proposed changes, as detailed in the attached Exhibits will be included in the following manuals.

1. Massachusetts Workers Compensation and Employers Liability Insurance Manual - Rules, Classification, Massachusetts Table of Classifications by Hazard Group and Rate Section (**Exhibit 12**).
2. Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance - Table of Expected Loss Rates and Discount Ratios [MA] (**Exhibit 13**).
3. Massachusetts Workers’ Compensation Statistical Plan (**Exhibit 14**)

# Exhibit 1

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July 9, 1975

Re: Manual Change Item B-1101 - Revision of Rules  
Relating to Maritime or Federal Employments

This filing is to become effective on various dates and will be filed on various dates. Is to be filed in all states except Louisiana and submitted to the Independent Boards and Bureaus at various dates.

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NATIONAL COUNCIL ON COMPENSATION INSURANCE

FILING MEMORANDUM

\* (To Become Effective the Date Indicated in the Transmittal Letter  
On New and Renewal Business Only)

Item B-1101 - Revision of Rules Relating to Maritime or Federal Employments

This filing is for a comprehensive revision of Section XV, "Maritime or Federal Employments", Rule 2. "Liability under Admiralty or Federal Jurisdiction" of the Basic Manual. Its primary purpose is to remove from the Manual the standard rates and rating procedures presently applicable to maritime coverage and replace them with a new approach which will enable there to be annual up-dating of the rates.

The areas encompassed by the maritime section of the Basic Manual cover a variety of exposures, including liability under the Jones Act and remedies under Admiralty Law (e.g., liability for the unseaworthiness of a vessel) as well as the traditional seamen's remedies of transportation, wages, maintenance and cure. To varying degrees, many insureds cover these exposures under forms of insurance outside the domain of a workmen's compensation rating organization, for example, through marine Protection and Indemnity insurance. For this reason, statistics under workmen's compensation coverage have been so thin that their volume has not been of sufficient size to be credible for ratemaking purposes.

In view of this background, the proposed revised program has been developed as a new approach to determining rates for the exposures under Admiralty Law or the Federal Employers' Liability Act.

The following comments are offered to highlight the changes incorporated in the proposed revision of the Basic Manual rule for "Liability Under Admiralty or Federal Jurisdictions". Also, attached is an exhibit indicating the proposed rates for these classifications in your jurisdiction.

1. Scope. The proposal amends only Rule 2 of Section XV of the Basic Manual. This leaves Rule 1 pertaining to the United States Longshoremen's and Harbor Workers' Act unchanged.
2. Application. It is proposed that this change be on a standard usage basis.
3. Coverage. In essence, the same forms of coverage are being continued in the new rules as were provided under the old, exception being that the standard limits of liability for Coverage B will be a flat \$25,000 per accident rather than the old \$5,000 per person/\$10,000 per accident. In calculating the rates as described in Paragraph 5 below, the state rates will first be increased 22% to recognize the increased basic limits being offered. The language describing Coverages I and II

\* NOTE: THIS FILING WAS FILED IN CONJUNCTION WITH THE RATE FILING EXCEPT IN THE FOLLOWING STATES ALABAMA ALASKA ARIZONA MINNESOTA



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has been changed in the new rules, but it is not intended that the scope of the coverages change.

4. Classifications. Phraseologies have been modernized, with as much of the language being included in footnotes as possible. Some of the classes have been dropped as being superfluous, namely:

Dredging - by means of suction  
(Only one dredging class is proposed for all types of dredging)

Fishing vessels - seagoing  
(A single NOC fishing vessels class is proposed for all types and the code proposed is that for present classes other than seagoing fishing vessels)

Steamers  
(These operations will fall under new class "Vessels NOC," Code 7016. This was the code used for steamers in the past)

Barges, scows, etc.  
(These operations now fall under "Vessels - not self-propelled," Code 7046, the same code used for barges in the past)

5. Rates. The basic approach for determining the rates is based on Coverage II, the voluntary compensation coverage. Since under Coverage II the benefits of a specific state are going to be offered to an injured workman, admiralty classes have been keyed to state classes with credible experience. The rates, then, for the state classes are used as a basis for determining the proposed rates for the admiralty classes. The proposed rates were established in the following manner: The classifications were arranged in five groups on a hazard basis. Credible state act classes were selected as reasonably representing the exposures contemplated by the admiralty classes, with varying degrees of weight being given to the state rates. The five groups are:

<u>Group</u>	<u>Classifications</u>
A	Diving and Marine Wrecking
B	Dredging
C	Vessels - not self-propelled
D	Vessels - Sail, Boat Livery and Yachts
E	Ferries, Fishing Vessels - N.O.C., Oystermen, Supply Boats, Tug Boats and Vessels N.O.C.

The rate for each group is based on the following analogous state classes, weighted as shown:

Group A - 50% of the rate for Code 6872F - "Ship Conversion or Repair" plus 50% of Code 7309F - "Stevedoring N.O.C."

Group B - Code 4000 - "Sand and Gravel Digging" - 100%



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Group C - Code 7360 - "Freight Handlers N.O.C." - 100%.

Group D - 50% of the rate for Code 7309F, "Stevedoring N.O.C."

Group E - 30% of the rate for Code 7309F plus 70% of the rate for Code 6872F.

The final proposed rates were then calculated as follows for each type of coverage provided:

- (a) Coverage II - State Act Elected. The individual classification rate will be calculated in accordance with the above formula with all elements placed at the state act benefit level adjusted for the increased basic limits. The rate thus determined will be modified by a factor of 1.35 to recognize the fact that there is a real possibility of an employer's liability suit under Coverage II which the underlying state act rates do not reflect.
- (b) Coverage II - USL Act Elected. The formula will be applied as above, but with all of the elements placed on the USL Act benefit level.
- (c) Coverage I. This rate will be 90% of that developed in (a) above.

The classifications where exposure is subject to Federal Employers' Liability Act coverage will be (a) rated reflecting the individual risk characteristics.

6. Minimum Premiums. The separate minimum premiums for providing admiralty or FELA coverage are unchanged.

7. Standard Limits of Liability for Coverage B. As stated earlier, the standard limit of liability for Coverage B is proposed to be \$25,000 per accident. The single limit approach follows that applicable under Section V of the Basic Manual for state act coverages.

The rates that are proposed for admiralty coverage, being related to state act exposures which contemplate a \$100,000 Coverage B limit of liability, recognize that in a voluntary compensation situation in the admiralty field there is a greater possibility of a common law suit when the state workmen's compensation law applies. The differential in price, therefore, is reflected by using rates developed under a limit of \$100,000 for Coverage B for insurance that contemplates \$25,000 for Coverage B.

8. Higher Limits of Liability for Coverage B. Coverage B higher limits percentage charges up to \$500,000 per accident are to be published. The percentage increases are to be applied to premiums rather than rates and have been derived from the existing employers' liability table of higher limits percentages for admiralty classes. The proposed higher limits percentage factors represent the increase from a base of 25/25. Thus, for a \$50,000 limit per accident the percentage increase is 7%. This figure has been obtained by dividing the present higher limits factor for 50/50 by the higher limits factor for 25/25.

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Included with the increase percentage are the proposed minimum premiums for providing higher limits. The present rules provide for increasing the minimum premiums for admiralty coverages by applicable higher limits factors. The proposed minimum premiums for higher limits will be in lieu of the existing program.

9. Experience Rating. Experience Rating Plan rating values will be shown on the state experience rating pages for both the Coverage I and Coverage II classifications. The expected loss rates for Coverage I classes will be 90% of the expected loss rates for Coverage II, state act benefit classes.

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PROPOSED REVISION OF RULE 2, SECTION XV,  
"MARITIME OR FEDERAL EMPLOYMENTS"

A. "MARITIME OR FEDERAL EMPLOYMENTS"

Delete present paragraph 2, "Liability under Admiralty or Federal Jurisdiction" and substitute the following:

2. Liability under Admiralty Law or Federal Employers' Liability Act (FELA)

The following rules apply when a policy affords coverage under one or more state workmen's compensation laws and also includes coverage for operations under admiralty jurisdiction or the FELA.

(a) Policy Forms and Coverage. When insurance against employers' liability for operations under admiralty jurisdiction or under the FELA is not excluded by appropriate endorsement, the following two alternative programs are available:

(i) Coverage I - A standard workmen's compensation and employers' liability policy shall be used appropriately endorsed to establish with respect to admiralty or FELA a standard limit of liability for Coverage B of \$25,000 for one accident. Limits of liability above \$25,000 per accident are available as provided for in Rule (d) herein. Such policy provides workmen's compensation coverage for any state enumerated in Item 3 of the Declarations, and coverage for liability to pay damages under the various laws of negligence subject to the limits specified in the policy. The policy may be extended to provide coverage under additional state workmen's compensation laws or the United States Longshoremen's & Harbor Workers' Compensation Act. No coverage is provided for any liability imposed upon the employer under admiralty law to furnish transportation, wages, maintenance and cure.

(ii) Coverage II - A standard workmen's compensation and employers' liability policy shall be used in the same manner and subject to the same conditions as for Coverage I above except that an appropriate voluntary compensation endorsement designating the workmen's compensation law shall be attached.

Where the benefits to be afforded under the voluntary compensation endorsement are those of the United States Longshoremen's & Harbor Workers' Compensation Act the rates to be used shall be those of the state out of which the operations are conducted, increased by the United States Longshoremen's & Harbor Workers' Compensation Coverage Percentage found on the state rate pages.

(b) Classifications and Rates - The following are classifications to be applied to operations with admiralty or FELA exposures. Rates for these classifications are found in the applicable state rate pages.



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CLASSIFICATIONS

	Code Number		
	<u>Coverage I</u>	<u>Coverage II</u>	
		<u>State Act Benefits</u>	<u>USL Act Benefits</u>
Boat Livery - boats under 15 tons	7038	7090	7050
<p>This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.</p>			
Diving - marine	7394	7395	7398
Dredging - all types	7333	7335	7337
Ferries	7019	7027	7062
<p>This classification includes dock employees.</p>			
Fishing Vessels - N.O.C.	7039	7091	7051
<p>This classification includes packing, curing or shipping fish and repair of nets or boats.</p>			
Oystermen	7079	7097	7070
<p>This classification includes planting; harvesting; and operation of boats.</p>			
Salvage Operations - marine	7394	7395	7398
Supply Boats	7020	7028	7131
Tugboats	7020	7028	7131
Vessels - N.O.C.	7016	7024	7047
Vessels - not self-propelled	7046	7098	7099
<p>Such vessels having a regular master and crew who are furnished living quarters aboard the vessel, shall be rated as "Vessels, N.O.C."</p>			
Vessels - sail	7036	7088	7048

NATIONAL COUNCIL ON COMPENSATION INSURANCE

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CLASSIFICATIONS (Cont'd.)

	<u>Code Number</u>		
	<u>Coverage I</u>	<u>Coverage II</u>	
		<u>State Act Benefits</u>	<u>USL Act Benefits</u>
Wrecking - marine	7394	7395	7398
This classification includes salvage operations.			
Yachts - private - sail or power	7037	7089	7049

FEDERAL EMPLOYERS' LIABILITY ACT

Railroad Operation - all employees including drivers	7151	7152
This classification contemplates the normal operations of railroads including normal maintenance and repair. All extraordinary repair work including such work as rebuilding of bridges, grade crossing elimination, laying or relaying of track and all new construction operations shall be classified as Codes 6702 or 6703.		
Clerical Office Employees N.O.C.	8814	8815
Salesmen, Collectors or Messengers - outside	8737	8738
Railroad Construction - all operations including clerical, salesmen and drivers	6702	6703

(c) Minimum Premiums. A separate minimum premium shall be charged for any policy on which one or more admiralty or FELA classifications appear. The minimum premium shall be in addition to any other minimum premiums and shall be applied in the normal manner with respect to premium developed under the admiralty or FELA classifications.

The admiralty or FELA minimum premiums are:

Coverage I - \$ 50.00  
Coverage II - \$100.00

(d) Limits of Liability. Rates for the Admiralty or FELA classifications contemplate Coverage B standard limits of liability of \$25,000 per accident. If higher limits are desired, an additional premium shall be determined by applying the appropriate percentage in the following Limit Table to the total premium developed under admiralty or FELA classifications before application of:

NATIONAL COUNCIL ON COMPENSATION INSURANCE

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- (i) Loss and Expense Constants
- (ii) Any applicable experience modification
- (iii) Additional Medical Coverage charge
- (iv) Premium discounts or retrospective rating

The premium for higher limits other than the minimum premium is subject to any applicable experience modification.

LIMIT TABLE

<u>Limit Per Accident</u>	<u>Increase Percentage</u>	<u>Minimum Premium at Higher Limits *</u>	
		<u>Coverage I</u>	<u>Coverage II</u>
\$ 50,000	7%	\$54.00	\$107.00
100,000	9	55.00	109.00
200,000	12	56.00	112.00
300,000	16	58.00	116.00
400,000	18	59.00	118.00
500,000	20	60.00	120.00

\* Includes minimum premiums required by Rule (c).

- (e) Coverage on Waters Not Under Admiralty Jurisdiction. The admiralty classifications for Coverage II also apply when coverage is provided for operations described by the admiralty classifications but which are conducted on waters not under admiralty jurisdiction. However, such coverage shall be provided on the same forms and in the same manner as operations subject to the applicable state workmen's compensation law. The rates and minimum premiums for this coverage are found in the applicable state rate pages.

# Exhibit 2

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*Replies to LB/AA*

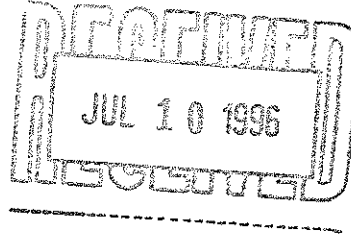


National  
Council on  
Compensation  
Insurance, Inc.

Ken R. Christiansen  
Director  
Government, Consumer  
and Industry Affairs

July 1, 1996

Mr. Roy Stewart, President  
The W.C. Rating & Inspection Bureau  
of Massachusetts  
101 Arch Street, 5th Floor  
Boston, MA 02110



*Now  
Earl  
R*

**Re: Item B-1333 - Revisions of Basic Manual Classifications and Related Rules**

Dear Mr. Stewart:

We have filed the above-captioned item in those jurisdictions where we are the licensed ratemaking organization.

For the completion of your records, attached is the filing memorandum describing the changes proposed within the NCCI jurisdictions to become effective 12:01 a.m., January 1, 1997.

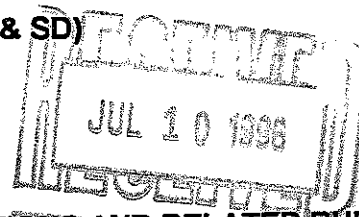
Please let us know of the action taken on this item so that our status circular will be complete.

Sincerely,

Ken R. Christiansen  
Director  
Government, Consumer and Industry Affairs



FILING MEMORANDUM



**ITEM B-1333—REVISIONS OF BASIC MANUAL CLASSIFICATIONS AND RELATED RULES**

(To be effective 12:01 a.m. on January 1, 1997 applicable to new and renewal business only.)

**PURPOSE**

- Reduce the number of admiralty codes that are available for workers compensation classification purposes.
- Establish new Basic Manual Rule IV-D-13 to clarify the classification procedure for recycling operations.

**BACKGROUND, PROPOSAL, IMPACT, AND EXHIBITS**

	<b>Page</b>	<b>Exhibit</b>
Combination of Admiralty Codes	2	I, II, III & IV
Recycling Operations	3	V

**IMPLEMENTATION**

In order to implement this item, the attached exhibits outline the changes required in the *Basic Manual for Workers Compensation and Employers Liability Insurance* and the *Retrospective Rating Plan Manual*.

**Note:** Proposed phraseology on exhibit pages contain underlined and crossed out text. Underlining represents added text. Crossed out text (strikethroughs) represents deleted text.

## COMBINATION OF ADMIRALTY CODES

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### BACKGROUND

Admiralty classifications are applicable to operations conducted on waters subject to admiralty law. As indicated in Basic Manual Rule XIII, the Standard Policy may be used to provide insurance for liability under admiralty law. It is beyond the scope of NCCI operations to advise insureds whether they have exposure under this law; however, NCCI does provide insureds with three options from which an insured may obtain admiralty coverage. These options are typified by the following entries:

7019 Program I  
7027 Program II—State Act Benefits  
7062 Program II—USL Act Benefits

There are little or no exposures for many admiralty classifications in most NCCI jurisdictions.

### PROPOSAL

It is proposed that certain admiralty classifications be eliminated and that their phraseologies be continued as cross-references with other admiralty classifications that will not be eliminated.

### IMPACT

There will be no impact on premium as each admiralty class that is being eliminated is being absorbed by an admiralty class that has the same loss cost or rate as the admiralty class that is being eliminated.

## RECYCLING OPERATIONS

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### BACKGROUND

Recycling is an expanding industry which is highly diversified. The diversified nature of the industry may cause questions concerning the proper classification assignment for a recycling risk. NCCI's historical procedure to classify these risks, is to assign them to the appropriate store or dealer classification, the appropriate manufacturing classification for risks reusing such materials to manufacture a product, or otherwise to the classification which most closely describes the business. Currently, no entry exists in the Basic Manual to clarify this classification procedure.

### PROPOSAL

It is proposed that Basic Manual Rule IV-D-13 be established to clarify the classification procedure for recycling operations.

### IMPACT

This item will facilitate the proper class code assignment for risks engaged in the sale of recyclable materials or the reuse of such materials for the production of new products.

COMBINATION OF ADMIRALTY CODES

EXHIBIT I

BASIC MANUAL

**Rule XIII -- The Admiralty Law, the Federal Employers' Liability Act, and the Migrant and Seasonal Agricultural Worker Protection Act**

**E. Classifications And Rates**

The classifications for admiralty or FELA operations follow. The rates are on the state rate pages:

Classifications	Code Number			
	Program I	Program II		
		State Act Benefits	USL Act Benefits	
Boat Livery—boats under 15 tons This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.	7038	7090		7050
Diving—marine	7394	7395		7398
Dredging—all types	7333	7335		7337
Ferries This classification includes dock employees.	<del>7049</del> <u>7016</u>	<del>7027</del> <u>7024</u>	<del>7062</del> <u>7047</u>	
Fishing Vessels—NOC This classification includes packing, curing, or shipping fish and repair of nets or boats.	7039 <u>7016</u>	7094 <u>7024</u>	7054 <u>7047</u>	
Oyster Boats This classification includes planting, harvesting, and operation of boats.	<del>7079</del> <u>7016</u>	<del>7097</del> <u>7024</u>	<del>7070</del> <u>7047</u>	
Salvage Operations—marine	7394	7395		7398
Supply Boats	<del>7020</del> <u>7016</u>	<del>7028</del> <u>7024</u>	<del>7434</del> <u>7047</u>	
Tugboats	<del>7020</del> <u>7016</u>	<del>7028</del> <u>7024</u>	<del>7434</del> <u>7047</u>	
Vessels—NOC	7016	7024		7047
Vessels—not self-propelled Such vessels having a regular master and crew who are furnished living quarters aboard the vessel shall be rated as Vessels—sail	7046	7098		7099
Wrecking—marine This classification includes salvage operations.	7036 <u>7038</u> 7394	<del>7088</del> <u>7090</u> 7395	<del>7048</del> <u>7050</u>	<del>7050</del> <u>7398</u>
Yachts—private—sail or power	<del>7037</del> <u>7038</u>	<del>7089</del> <u>7090</u>	<del>7049</del> <u>7050</u>	

COMBINATION OF ADMIRALTY CODES

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EXHIBIT II (Page 1 of 2)

BASIC MANUAL

CLASSIFICATIONS

Ferries. Includes dock employees.

Coverage under Admiralty Law:

- 7019 Program I
- 7016 Program I
- 7027 Program II—State Act benefits
- 7024 Program II—State Act benefits
- 7062 Program II—USL&HW Act benefits
- 7047 Program II—USL&HW Act benefits

Fishing Vessels NOC. Includes packing, curing, or shipping fish and repair of nets or boats.

Coverage under Admiralty Law:

- 7039 Program I
- 7016 Program I
- 7094 Program II—State Act benefits
- 7024 Program II—State Act benefits
- 7051 Program II—USL&HW Act benefits
- 7047 Program II—USL&HW Act benefits

Oyster Boats. Includes planting, harvesting, and operation of boats.

Coverage under Admiralty Law:

- 7079 Program I
- 7016 Program I
- 7097 Program II—State Act benefits
- 7024 Program II—State Act benefits
- 7070 Program II—USL&HW Act benefits
- 7047 Program II—USL&HW Act benefits

Supply Boats

Coverage under Admiralty Law:

- 7020 Program I
- 7016 Program I
- 7028 Program II—State Act benefits
- 7024 Program II—State Act benefits
- 7131 Program II—USL&HW Act benefits
- 7047 Program II—USL&HW Act benefits

COMBINATION OF ADMIRALTY CODES

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EXHIBIT II (Page 2 of 2)

Tugboats

Coverage under Admiralty Law:

- 7020 Program I
- 7016 Program I
- 7028 Program II—State Act benefits
- 7024 Program II—State Act benefits
- 7131 Program II—USL&HW Act benefits
- 7047 Program II—USL&HW Act benefits

Vessels Sail

Coverage under Admiralty Law:

- 7036 Program I
- 7038 Program I
- 7088 Program II—State Act benefits
- 7090 Program II—State Act benefits
- 7048 Program II—USL&HW Act benefits
- 7050 Program II—USL&HW Act benefits

Yachts—private—sail or power

Coverage under Admiralty Law:

- 7037 Program I
- 7038 Program I
- 7089 Program II—State Act benefits
- 7090 Program II—State Act benefits
- 7049 Program II—USL&HW Act benefits
- 7050 Program II—USL&HW Act benefits

COMBINATION OF ADMIRALTY CODES

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EXHIBIT III

RETROSPECTIVE RATING PLAN MANUAL

Part Four F

Table of Classifications by Hazard Group

Code No.	Hazard Group
7019	IV
7020	IV
7027	IV
7028	IV
7036	IV
7037	IV
7039	IV
7048	IV
7049	IV
7051	IV
7062	IV
7070	IV
7079	IV
7088	IV
7089	IV
7091	IV
7097	IV
7131	IV

COMBINATION OF ADMIRALTY CODES

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EXHIBIT IV

BASIC MANUAL

Deductible Insurance  
Table of Classifications by Hazard Group

Code No.	Hazard Group
7019	IV
7020	IV
7027	IV
7028	IV
7036	IV
7037	IV
7039	IV
7048	IV
7049	IV
7051	IV
7062	IV
7070	IV
7079	IV
7088	IV
7089	IV
7091	IV
7097	IV
7134	IV



RECYCLING OPERATIONS

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EXHIBIT V  
BASIC MANUAL

**Rule IV -- Classifications**

**D. Assignment Of Classifications**

**13. Recycling Operations.**

The collection, sorting and handling of recyclable materials for resale to others, are to be assigned to the appropriate store or dealer classification, or to the classification which most closely describes the business.

Risks having operations that involve the reuse of materials for the production of a new product, are to be assigned to the classification that applies to the manufacture of the product unless such work is specifically referred to by another classification phraseology, footnote, or definition in the manual.

# Exhibit 3

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### Exhibit 3

## Admiralty Classes - Proposed Program I and Program II Rates

Proposed Phraseology	Program I		Program II			
			State Act Benefits		USL&H Benefits	
	Code	Rate	Code	Rate	Code	Rate
<b>Boat Livery - Boats Under 15 Tons</b> This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.	7038	3.55	7090	4.44	7050	5.57
<b>Diving - Marine</b>	7394	9.68	7395	12.37	7398	15.51
<b>Dredging - All Types</b>	7333	7.53	7335	8.85	7337	11.10
<b>Ferries</b> Includes dock employees.	7016	1.88	7024	2.35	7047	2.95
<b>Fishing Vessels NOC</b> Includes packing, curing or shipping fish and repair of nets or boats.	7016	1.88	7024	2.35	7047	2.95
<b>Oyster Boats</b> Includes planting, harvesting, and operation of boats.	7016	1.88	7024	2.35	7047	2.95
<b>Salvage Operations - marine</b>	7394	9.68	7395	12.37	7398	15.51
<b>Supply Boats</b>	7016	1.88	7024	2.35	7047	2.95
<b>Tugboats</b>	7016	1.88	7024	2.35	7047	2.95
<b>Vessels - NOC</b>	7016	1.88	7024	2.35	7047	2.95
<b>Vessels - Not Self-Propelled</b> Such vessels having a regular master and crew who are furnished living quarters aboard the vessel shall be rated as Vessels NOC.	7046	5.06	7098	5.95	7099	7.46
<b>Vessels - Sail</b>	7038	3.55	7090	4.44	7050	5.57
<b>Wrecking – Marine</b> Includes salvage operations.	7394	9.68	7395	12.37	7398	15.51
<b>Yachts - Private - sail or power</b>	7038	3.55	7090	4.44	7050	5.57

# Exhibit 4

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## Exhibit 4

### Federal Employers Liability Classes Proposed Program I and Program II Rates

Proposed Phraseology	Program I		Program II			
			State Act Benefits		USL&H Benefits	
	Code	Rate	Code	Rate	Code	Rate
<b>Railroad Operation - All Employees Including Drivers</b> This classification contemplates the normal operations of railroads including normal maintenance and repair. All extraordinary repair work including such work as rebuilding bridges, grade crossing elimination, laying or relaying track and all new construction operations shall be classified as Code 6702, 6703 or 6704.	7151	8.26	7153	10.33	7152	12.95
<b>Clerical Office Employees NOC</b>	8814	0.14	8805	0.18	8815	0.23
<b>Salespersons or Collectors - Outside</b>	8737	0.35	8734	0.44	8738	0.55
<b>Railroad Construction - All Operations Including Clerical, Salespersons and Drivers</b>	6702	(a)	6704	(a)	6703	(a)

# Exhibit 5

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## Exhibit 5

### Comparison of Current Rates for MA to Current NH & RI Rates

Admiralty Classes											
Program I Class Codes				Program II Class Codes - State Act Benefits				Program II Class Codes - USL&H Benefits			
Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#
7038	3.55	7.73	4.46	7090	4.44	8.59	4.96	7050	n/a	16.65	7.76
7394	9.68	6.12	7.79	7395	12.37	6.81	8.66	7398	n/a	13.20	13.56
7333	7.53	12.35	5.54	7335	8.85	13.72	6.16	7337	n/a	26.62	9.65
7016	3.27	5.12	3.63	7024	4.09	5.69	4.03	7047	n/a	11.04	6.32
7046	5.06	12.94	7.40	7098	5.95	14.37	8.23	7099	n/a	27.90	12.90

Federal Employers Liability Act Classes											
Program I Class Codes				Program II Class Codes - State Act Benefits				Program II Class Codes - USL&H Benefits			
Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 12/01/51	NH Effective 1/01/15*	RI Effective 8/01/14#
7151	8.26	8.62	6.62	7153	10.33	9.57	7.34	7152	n/a	18.58	11.51
8814	0.14	0.38	0.26	8805	0.18	0.43	0.28	8815	n/a	0.84	0.44
8737	0.35	0.75	0.43	8734	0.44	0.84	0.47	8738	n/a	1.62	0.74
6702	(a)	12.20	7.52	6704	(a)	13.55	8.36	6703	n/a	26.28	13.09

\* Assigned risk rates  
# Loss cost rates

# Exhibit 6

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## Exhibit 6

### Comparison of Proposed Rates for MA to Current NH & RI Rates

Admiralty Classes											
Program I Class Codes				Program II Class Codes - State Act Benefits				Program II Class Codes - USL&H Benefits			
Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#
7038	3.55	7.73	4.46	7090	4.44	8.59	4.96	7050	5.57	16.65	7.76
7394	9.68	6.12	7.79	7395	12.37	6.81	8.66	7398	15.51	13.20	13.56
7333	7.53	12.35	5.54	7335	8.85	13.72	6.16	7337	11.10	26.62	9.65
7016	1.88	5.12	3.63	7024	2.35	5.69	4.03	7047	2.95	11.04	6.32
7046	5.06	12.94	7.40	7098	5.95	14.37	8.23	7099	7.46	27.90	12.90

Federal Employers Liability Act Classes											
Program I Class Codes				Program II Class Codes - State Act Benefits				Program II Class Codes - USL&H Benefits			
Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#	Code	MA Effective 4/01/16	NH Effective 1/01/15*	RI Effective 8/01/14#
7151	8.26	8.62	6.62	7153	10.33	9.57	7.34	7152	12.95	18.58	11.51
8814	0.14	0.38	0.26	8805	0.18	0.43	0.28	8815	0.23	0.84	0.44
8737	0.35	0.75	0.43	8734	0.44	0.84	0.47	8738	0.55	1.62	0.74
6702	(a)	12.20	7.52	6704	(a)	13.55	8.36	6703	(a)	26.28	13.09

\* Assigned risk rates  
# Loss cost rates

# Exhibit 7

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## Exhibit 7

### Admiralty Classes - Current and Proposed Phraseology

Code *	Current Phraseology	Code *	Proposed Phraseology
7394	Diving - Marine	7394	No Change
7334	Dredging - excavation by means of suction dredges only - including loading or unloading.		Discontinue
7333	Dredging NOC	7333	Dredging - All Types
7046	Vessels - barges, scows, canal boats or lighters - not self-propelled.	7046	<b>Vessels - Not Self-Propelled</b> Such vessels having a regular master and crew who are furnished living quarters aboard the vessel shall be rated as Vessels NOC.
7036	Sailing vessels NOC	7038	<b>Vessels – Sail</b>
7038	Boat Livery - power, sail or rowboats used for fishing or pleasure purposes, limited to boats under 15 tons - including laying up of boats and putting into commission. Vessels of 15 tons or over shall be assigned to 7016 "Steamers - all kinds" or 7036 "Sailing Vessels NOC"	7038	<b>Boat Livery - Boats Under 15 Tons</b> This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.
7019	Ferries – Including dock employees.	7016	<b>Ferries</b> Includes dock employees.
7075	Fishing vessels - seagoing - motor boats or tugs, including net fishing or lobster hauling.	7016	<b>Fishing Vessels NOC</b> Includes packing, curing or shipping fish and repair of nets or boats.
7039	Fishing vessels - pound fishing - including work on floats or shore of packing, curing or shipping fish or repairing nets or boats.		Discontinue
7039	Fishing vessels - not seagoing - motor boats or tugs - including net fishing or lobster hauling.		Discontinue
7079	Oystermen – Planting, harvesting, or operation of boats	7016	<b>Oyster Boats</b> Includes planting, harvesting, and operation of boats.
7016	Steamers – all kinds	7016	<b>Vessels NOC</b>
7394	None	7394	<b>Salvage Operations - Marine</b>
7020	Supply Boats - Supplying water or gasoline for shipping.	7016	<b>Supply Boats</b>
7020	Tugboats - All kinds	7016	<b>Tugboats</b>
7037	Yachts – Private – sail or power	7038	<b>Yachts – Private – Sail or Power</b>
7394	Wrecking - marine - including salvage operations.	7394	<b>Wrecking - Marine</b> Includes salvage operations.

\*Coverage 1 class codes shown – phraseologies also apply to corresponding Coverage II class codes.

# Exhibit 8

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## Exhibit 8

### Federal Employers Liability Act Classes Current and Proposed Phraseology

Code *	Current Phraseology	Proposed Phraseology
7151	<p><b>Railroads: Operations - All employees including Drivers, Chauffeurs and their Helpers.</b></p> <p>This classification contemplates the normal operations of railroads including normal maintenance and repairs. All extraordinary repair work including such work as rebuilding of bridges, grade crossing elimination, laying or relaying of track and all new construction operations shall be classified as Codes 6702 or 6703.</p>	<p><b>Railroad Operation - All Employees Including Drivers.</b></p> <p>This classification contemplates the normal operations of railroads including normal maintenance and repairs. All extraordinary repair work including such work as rebuilding bridges, grade crossing elimination, laying or relaying track and all new construction operations shall be classified as Codes 6702, 6703, or 6704.</p>
8814	<p><b>Railroads: Clerical Office Employees - NOC</b></p>	<p><b>Railroad: Clerical Office Employees NOC</b></p>
8737	<p><b>Railroads: Salespersons, Collectors or Messengers - outside</b></p>	<p><b>Railroad: Salespersons or Collectors - Outside</b></p>
6702	<p><b>Railroads: Construction: All operations including Clerical Office Employees; Salespersons; Drivers, Chauffeurs and their Helpers</b></p>	<p><b>Railroad Construction - All Operations Including Clerical, Salespersons &amp; Drivers.</b></p>

\*Coverage 1 class codes shown – phraseologies also apply to corresponding Coverage II class codes.

# Exhibit 9

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## Exhibit 9

### Reassigned Admiralty Classifications Current & Proposed Classifications & Rates

Discontinued Code	Program	Current Rate	Current Phraseology	Reassigned to Code	Program	Proposed Rate
7334	I	7.53	Dredging - excavation by means of suction dredges only - including loading or unloading.	7333	I	7.53
7336	II	8.85		7335	II	8.85
7036	I	3.55	Sailing vessels NOC	7038	I	3.55
7088	II	4.44		7090	II	4.44
7019	I	1.88	Ferries – Including dock employees.	7016	I	1.88
7027	II	2.35		7024	II	2.35
7075	I	3.55	Fishing vessels - seagoing - motor boats or tugs, including net fishing or lobster hauling.	7016	I	1.88
7093	II	4.44		7024	II	2.35
7039	I	1.88	Fishing vessels - pound fishing - including work on floats or shore of packing, curing or shipping fish or repairing nets or boats.	7016	I	1.88
7091	II	2.35		7024	II	2.35
7079	I	1.88	Oystermen – Planting, harvesting, or operation of boats	7016	I	1.88
7097	II	2.35		7024	II	2.35
7020	I	1.88	Supply Boats - Supplying water or gasoline for shipping.	7016	I	1.88
7028	II	2.35		7024	II	2.35
7037	I	1.88	Yachts – Private – sail or power	7038	I	3.55
7089	II	2.35		7090	II	4.44

# Exhibit 10

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## Exhibit 10

### Admiralty and Federal Employers Liability Act Classes Current and Proposed Increased Limits Tables

Current Table									
Limit Per Occurrence	Limit Per Person								
	5,000	7,500	10,000	15,000	20,000	25,000	30,000	40,000	50,000
10,000	1.00	1.07	1.10						
15,000	1.04	1.11	1.13	1.16					
20,000	1.06	1.13	1.15	1.18	1.20				
25,000	1.07	1.14	1.16	1.20	1.21	1.22			
30,000	1.08	1.15	1.17	1.21	1.22	1.23	1.24		
35,000	1.09	1.16	1.18	1.22	1.23	1.24	1.25		
40,000	1.10	1.17	1.19	1.23	1.24	1.25	1.26	1.27	
45,000	1.11	1.18	1.20	1.24	1.25	1.26	1.27	1.28	
50,000	1.12	1.19	1.21	1.25	1.26	1.27	1.28	1.29	1.30
70,000	1.13	1.20	1.22	1.26	1.27	1.28	1.29	1.30	1.31
100,000	1.14	1.21	1.23	1.27	1.28	1.29	1.30	1.31	1.32
150,000	1.15	1.22	1.24	1.28	1.29	1.30	1.31	1.32	1.33
200,000	1.16	1.23	1.25	1.29	1.30	1.31	1.32	1.33	1.34
250,000	1.17	1.24	1.26	1.30	1.31	1.32	1.33	1.34	1.35
300,000	1.18	1.25	1.27	1.31	1.32	1.33	1.34	1.35	1.36
Minimum Premium									
Coverage I					\$50				
Coverage II					\$100				

When higher limits are desired the foregoing minimum premiums shall be increased in accordance with the appropriate percentage indicated in the Admiralty and Federal Liability Limit Table.

## Proposed Table

Limit Per Occurrence	Factor		Minimum Premium	
	Program I	Program II	Program I	Program II
10,000	1.00	1.00	50	100
50,000	1.18	1.13	50	100
100,000	1.32	1.26	75	100
200,000	1.57	1.50	100	125
300,000	1.71	1.64	100	125
400,000	1.81	1.73	100	125
500,000	1.85	1.77	125	150
1,000,000	2.04	1.96	125	150
5,000,000	2.45	2.35	150	150
10,000,000	2.54	2.44	150	150

# Exhibit 11

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## Exhibit 11

### Admiralty and FELA Proposed Payroll Caps for Transition Period.

Admiralty and Maritime Payroll Cap Transition Plan		
Year of Transition	Effective Date	Weekly Payroll Cap
1	10/1/2016	\$360
2	10/1/2017	\$432
3	10/1/2018	\$518
4	10/1/2019	\$622
5	10/1/2020	\$746
6	10/1/2021	\$896
7	10/1/2022	\$1,075
8	10/1/2023	\$1,290
9	10/1/2024	\$1,548
10	10/1/2025	\$1,858
11	10/1/2026	None

# Exhibit 12

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**RULE XII – U. S. LONGSHORE AND HARBOR WORKERS COMPENSATION ACT**

**A. GENERAL EXPLANATION**

The U. S. Longshore and Harbor Workers Compensation Act (USL&HW Act) is a federal law which provides for payment of compensation and other benefits to employees such as longshoremen, harbor workers, ship repairmen, shipbuilders, shipbreakers and other employees engaged in loading, unloading, repairing or building a vessel. It applies to such employees while working on navigable waters of the United States and also while working on any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area adjoining such navigable waters customarily used for loading, unloading, repairing or building a vessel. It does not cover masters or members of the crew of a vessel. For complete details, see U. S. Code (1946), Title 33, Sections 901-49, amended by Public Law 92-576.

**B. WORKERS COMPENSATION INSURANCE – PART ONE**

The standard policy is used to insure the statutory obligation of an employer to furnish benefits required by the USL&HW Act. Attach the Standard Longshore and Harbor Workers Compensation Act Coverage Endorsement (WC 00 01 06 A) to provide such insurance. Do not designate the USL&HW Act in Item 3.A. of the Information Page.

**C. EMPLOYERS LIABILITY – PART TWO**

For operations subject to the USL&HW Act, the standard limits of liability under Part Two are:

Bodily Injury by Accident:	\$100,000 - each accident
Bodily Injury by Disease:	\$100,000 - each employee
Bodily Injury by Disease:	\$500,000 - policy limit

Refer to Rule VIII.

**D. CLASSIFICATIONS AND RATES**

**1. Classifications**

Classifications for insurance under the USL&HW Act are listed in Part Two - Classifications of this manual.

**2. Rates for Federal "F" Classifications**

The manual rates for classification code numbers followed by the letter "F" and those Admiralty/FELA classifications applicable to Program II - USL&HW Act benefits, include premium for operations subject to the USL&HW Act.

**3. Rates for Admiralty/FELA Classifications and Non-Federal "Non-F" Classifications That Do Not Include USL&HW Act Benefits**

**a. Admiralty/FELA Classifications**

The manual rates for admiralty/FELA classifications under Program I and Program II – State Act benefits do not include premium for operations subject to the USL&HW Act. If operations under such classification involve some employees subject to the USL&HW Act, assign the classifications and rates for Program II – USL&HW Act benefits applicable to such operations. Such classifications shall apply only to payroll of employees engaged in operations subject to the USL&HW Act.

**b. Except as otherwise provided in 2. and 3.a. above,** the manual rates for classification code numbers not followed by the letter "F" do not include premium for operations subject to the USL&HW Act. If operations under such classifications involve some employees subject to USL&HW Act, the manual rates and minimum premiums for such classifications shall be increased by the U.S. Longshore and Harbor Workers' Compensation Coverage Percentage

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**RULE XIII – THE ADMIRALTY LAW AND THE FEDERAL EMPLOYERS LIABILITY ACT**

**A. GENERAL EXPLANATION**

**1. Admiralty Law (Jones Act or Merchant Marine Act of 1920)**

Masters and members of the crews of vessels are subject to admiralty law and not covered under the state worker's compensation laws or USL&HW Act. If injured, masters and members of the crews of vessels have the right to sue their employers for damages in the admiralty courts where the proceeding is in the nature of an employers liability suit. They also have the right to transportation, wages, maintenance, and cure. Every person employed on board a vessel is considered to be a seaman if connected with the operation or welfare of the vessel while in navigable waters. Navigable waters are usually defined as those that form a continuous highway for interstate or international commerce.

**2. Federal Employers' Liability Act (FELA)**

The Federal Employers' Liability Act applies to employees of interstate railroads.

**B. DESCRIPTION OF COVERAGE PROGRAMS**

The Standard Policy may be used to provide insurance for liability under one or more state worker's compensation laws and also for liability under admiralty law or FELA. There are two programs to furnish such insurance:

**1. Program I**

Provides, under Part One – Worker's Compensation Insurance, statutory liability under the worker's compensation law of any state designated in Item 3.A. of the Information Page and, under Part Two – Employers Liability Insurance, employers liability for damages under admiralty law or FELA, subject to a standard limit of \$10,000.

**2. Program II**

Provides the same coverage in Program 1, but with the addition of Voluntary Compensation. Under Program II, the insurance carrier will offer a settlement of a claim strictly in accord with the statutory benefits provided in the worker's compensation law designated in the voluntary compensation endorsement attached to the policy as if the claim were subject to such law, instead of subject to the laws of negligence. If the offer of settlement is rejected, employers liability then applies to such claim or suit, with the same standard limit as for Program I.

**C. COVERAGE**

**1. Admiralty Law Endorsements**

To provide Program I for admiralty law, attach the Standard Maritime Coverage Endorsement (WC 00 02 01B). To provide Program II for admiralty law, also attach the Standard Voluntary Compensation Maritime Coverage Endorsement (WC 00 02 03).

**2. Admiralty Law Coverage Option**

The Maritime Coverage Endorsement excludes liability to provide transportations, wages, maintenance, and cure. This endorsement may optionally include a provision to insure such liability for an additional premium based upon a rate to be determined by the carrier from its evaluation of the exposures presented by the risk.

**3. FELA Endorsements**

To provide Program I for employments subject to FELA, attach the Standard Federal Employers' Liability Act Coverage Endorsement (WC 00 01 04 A). To provide Program II, also

attach the Standard Voluntary Compensation and Employers Liability Coverage Endorsement (WC 00 03 11 A).

**4. USL&HW Act**

When insurance is provided for liability under admiralty law or FELA, insurance for liability under the USL&HW Act also may be necessary. To provide such insurance, attach the Standard Longshore and Harbor Workers' Compensation Act Coverage Endorsement (WC 00 01 06 A).

**D. LIMITS OF LIABILITY**

**1. Standard Limit**

The standard limit of liability under Part Two – Employers Liability Insurance for admiralty or FELA insurance under Program I or II is \$10,000.

**a. Accident Limit**

The limit of liability applies to all bodily injury arising out of any one accident.

**b. Disease Limit**

The limit of liability also applies as a separate aggregate limit for all bodily injury by disease. The aggregate limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page.

**c. Show Limits on Endorsement**

These limits of liability must be stated in the Maritime Coverage Endorsement and/or the Federal Employers' Liability Act Coverage Endorsement.

**2. Increased Limits**

Increase limits of liability under Part Two – Employers Liability Insurance are available. The additional premium for increased limits shall be determined by applying the factor in the following Table to the total manual premium for admiralty or FELA classifications.

Limit Per Occurrence	Factor		Minimum Premium	
	Program I	Program II	Program I	Program II
10,000	1.00	1.00	50	100
50,000	1.18	1.13	50	100
100,000	1.32	1.26	75	100
200,000	1.57	1.50	100	125
300,000	1.71	1.64	100	125
400,000	1.81	1.73	100	125
500,000	1.85	1.77	125	150
1,000,000	2.04	1.96	125	150
5,000,000	2.45	2.35	150	150
10,000,000	2.54	2.44	150	150

The premium for increased limits is subject to an experience rating modification.



**3. Minimum Premium**

A separate minimum premium applies to a policy that includes classifications for operations subject to admiralty law or the FELA, it shall not be less than the minimum premium shown in the table. Such minimum premium is the lowest premium for insuring admiralty or FELA operations and it shall apply in addition to the minimum premium or premium for other operations on such a policy.

**E. CLASSIFICATIONS AND RATES**

ADMIRALTY CLASSIFICATIONS	PROGRAM I	PROGRAM II	
		State Act	USL Act
<b>Boat Livery – Boats Under 15 Tons</b> This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the	7038	7090	7050
<b>Diving – Marine</b>	7394	7395	7398
<b>Dredging – All Types</b>	7333	7335	7337
<b>Ferries</b> Includes dock employees	7016	7024	7047
<b>Fishing Vessels – NOC</b> Includes packing, curing, or shipping fish and repair of nets or boats.	7016	7024	7047
<b>Oyster Boats –</b> This classification includes planting, harvesting and operation of	7016	7024	7047
<b>Salvage Operations – Marine</b>	7394	7395	7398
<b>Supply Boats</b>	7016	7024	7047
<b>Tugboats</b>	7016	7024	7047
<b>Vessels – NOC</b>	7016	7024	7047
<b>Vessels – Not Self Propelled</b> Such vessels having a regular master and crew who are furnished living quarters aboard the vessel shall be rated as “Vessels NOC.”	7046	7098	7099
<b>Vessels – Sail</b>	7038	7090	7050
<b>Wrecking – Marine</b> Includes salvage operations.	7394	7395	7398
<b>Yachts – Private – Sail or Power</b>	7038	7090	7050

FEDERAL EMPLOYERS' LIABILITY ACT CLASSIFICATIONS	PROGRAM I	PROGRAM II	
		State Act	USL Act
<b>Railroad Construction – All Operations Including Clerical, Salespersons, And Drivers</b>	6702	6704	6703
<b>Railroad Operation – All Employees Including Drivers</b> Contemplates the normal operations of railroads including normal maintenance and repair. All extraordinary repair work including such work as rebuilding bridges, grade crossing elimination, laying or relaying track, and all new construction operations shall be classified as Code 6702, 6703 or 6704	7151	7153	7152
<b>Clerical Office Employees – NOC</b>	8814	8805	8815
<b>Salespersons, Collectors, or Messengers – Outside</b>	8737	8734	8738

**F. WATERS NOT UNDER ADMIRALTY JURISDICTION**

**1. Coverage**

An insured may conduct operation on waters not subject to admiralty jurisdiction. Insurance for such operations shall be provided by the Standard Policy and Endorsement Forms and is subject to the rules and classifications that apply to statutory worker's compensation insurance.

**2. Admiralty Law or USL&HW Act**

If there is a potential liability under admiralty law, follow the previous rules for insurance under admiralty law. If there is a potential liability under the USL&HW Act, refer to Rule XII.

Experience rating, merit rating, and ARAP surcharges do not apply to all class codes. Consequently, separate manual premium totals need to be maintained for those classes subject to either merit or experience rating and those not subject to either merit or experience rating. Additionally, the minimum premium applicable to Admiralty and FELA requires maintaining a separate premium total for Admiralty and FELA until the Admiralty/FELA minimum has been applied.

<sup>1</sup> Note that all supplemental disease codes for Massachusetts are subject to experience rating. Massachusetts does not have asbestosis related disease loads which are not subject to experience rating as in most states.

<sup>3</sup> Class code 9985 (Atomic Energy: Radiation Exposure NOC) allows for a supplemental rate to apply to exposures having exposure to atomic radiation when the business operations are not performed under the direction of the Nuclear Regulatory Commission or any government agency. Note that the Bureau is providing no guidance with respect to class code 9984 (Atomic Energy: Project Work) because the rating for this class is dependent upon the agreement of the carrier, the insured, and the Nuclear Regulatory Commission or government agency.

<sup>4</sup> Note that the most prevalent exposure base is **payroll in hundreds of dollars** (not just payroll). Use the actual exposure developed during the period the policy was in effect.

<sup>5</sup> Carriers may independently file a waiver of subrogation charge. When a policy is endorsed to waive the right to subrogate, the carrier can not pursue subrogation recoveries from a third party. Waiver of subrogation may apply to a policy in total or to a specific job covered by the policy. Since the waiver of subrogation may apply to a just a portion of the policy's exposure, it is necessary to capture both the exposure subject to waiver of subrogation and the exposure not subject to waiver of subrogation.

<sup>6</sup> This rate should reflect any adjustment for the removal of a disease load ~~or the election of increased limits of employer's liability limits applicable to Admiralty and FELA.~~

<sup>7</sup> If USL&HW Act benefits are to apply to exposures whose class rates reflect Massachusetts benefits, the USL&HW Act factor should be applied to adjust the class rates to reflect benefit and assessment differentials associated with USL&HW Act coverage. Do not apply the USL&HW Act factor to F – Classes because rates for F – Classes already reflect the benefit costs associated with the USL&HW Act. ~~The following MA Act benefit classifications: 6811, 6834, 6836, 6854, 6882, 6884, and 7360 cannot be adjusted to reflect USL&H Act coverage. Use the corresponding F classifications if USL&H coverage is required.~~

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If the USL&HW Act factor does not apply, use a factor of one.

<sup>8</sup> Deviations are independently filed and allow carriers to offer rates other than the Bureau's filed and approved rates. In Massachusetts, deviations may only be filed that reduce rates below the Bureau filed and approved rate.

Consequently, if a rate deviation applies, the rate deviation factor should be a negative number. If a rate deviation does not apply, use a value of zero.

Typically deviations apply to all class codes in a like manner. However, carriers may file deviation programs where the percentage reduction in the Bureau filed and approved rate varies by class code.

<sup>9</sup> The rate deviation adjustment is a negative value in the algorithm. For purposes of Unit Statistical Reporting, the value is assumed to be negative.

<sup>10</sup> Schedule rating plans are independently filed in Massachusetts. Schedule rating plans in Massachusetts allow carriers to provide discounts to insureds based on objective measures that

Part II

MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET STANDARD PREMIUM PLUS ARAP CALCULATION					
■ - Indicates that the given Rating Element applies to the column.					
Rating Element	Statistical Code	Class Categories			Calculation
		Experience Rated		Not Subject to Experience Rating (C) <sup>14</sup>	
		Admiralty/FELA (A) <sup>12</sup>	Non – Admiralty/FELA (B) <sup>13</sup>		
(1) Adjusted Manual Premium Subject to Waiver of Subrogation		■	■	■	Part I, (14)
(2) Waiver of Subrogation Factor	0930		■		
(3) Waiver of Subrogation Charge	0930	■	■	■	(1) x (2)
(4) Adjusted Manual Premium		■	■	■	Part I, (12)
(5) Employer Liability Increased Limits Factor <sup>15</sup>	9803-9816			■	If not applicable, use a factor of zero.
(6) Employer Liability Increased Limits Charge	9803-9816		■	■	(4) x (5)
(7) Short Term Policy Pro Rata Factor <sup>16</sup>			■		If not applicable, use a factor of 1.000.
(8) Employers Liability Increased Limits Minimum Premium	9848			■	If not applicable, use a factor of zero.
(9) Balance to Minimum Premium for Employers Liability Increased Limits <sup>17</sup>	9848		■		If [(6B) + (6C)] < [(7) x (8)] and (5) > 0 then (9B) = [(7) x (8)] – [(6B) + (6C)], else zero.
(10) Admiralty/FELA Increased Limits Factor	9817-9822, 9840	■			If not applicable, use a factor of zero.
(11) Admiralty/FELA Increased Limits Charge	9817-9822, 9840	■			(4) x (10)
(12) Admiralty/FELA Increased Limits Minimum Premium	9849	■			If not applicable, use a factor of zero.
(13) Balance to Minimum Premium for Admiralty/FELA Increased Limits	9849	■			If (11A) < [(7) x (12A)] and (10) > 0 then (13A) = [(7) x (12A)] – [(11A)] else zero.
(+014) Premium Reduction Factor for Deductibles that apply only to Workers' Compensation and not to Employer's Liability	9664		■		If not applicable, use a factor of zero.
(+115) Premium Adjustment for Deductibles that	9664	■	■	■	-1.000 x (4) x (+014)

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MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET STANDARD PREMIUM PLUS ARAP CALCULATION					
■ - Indicates that the given Rating Element applies to the column.					
Rating Element	Statistical Code	Class Categories			Calculation
		Experience Rated		Not Subject to Experience Rating (C) <sup>14</sup>	
		Admiralty/FELA (A) <sup>12</sup>	Non – Admiralty/FELA (B) <sup>13</sup>		
apply only to Workers' Compensation and not to Employer's Liability <sup>18</sup>					
<del>(+216)</del> <b>Subject Premium</b>		■	■	■	(3) + (4) + (6) + (9) + (11) ± (13) + (15)
<del>(+317)</del> Experience Modification Factor			■		If not applicable, use a factor of 1.000.
<del>(+418)</del> Experience Modification Premium Adjustment		■	■		Col (A): <del>(+216)</del> x [ <del>(+317)</del> – 1.000] Col (B): <del>(+216)</del> x [ <del>(+317)</del> – 1.000] Col (C): Not Applicable
<del>(+519)</del> Merit Rating Factor	9885 9886		■		If not applicable, use a factor of 1.000.
<del>(+620)</del> Merit Rating Adjustment <sup>19</sup>	9885 9886	■	■		Col (A): <del>(+216)</del> x [ <del>(+519)</del> – 1.000] Col (B): <del>(+216)</del> x [ <del>(+519)</del> – 1.000] Col (C): Not Applicable
<del>(+721)</del> <b>Modified Premium</b>		■	■	■	Col (A): <del>(+216)</del> + <del>(+418)</del> + <del>(+620)</del> Col (B): <del>(+216)</del> + <del>(+418)</del> + <del>(+620)</del> Col (C): <del>(+216)</del>
<del>(+822)</del> MA CCPAP Factor	9046		■		If not applicable, use a factor of zero.
<del>(+923)</del> MA CCPAP Premium Adjustment <sup>20</sup>	9046	■	■	■	-1.000 x <del>(+721)</del> x <del>(+822)</del>
<del>(2024)</del> <b>Standard Premium</b> <sup>21</sup>		■	■	■	(21) + (23)
<del>(2425)</del> ARAP Surcharge Factor	0277		■		If not applicable, use a factor of 1.000.
<del>(2226)</del> ARAP Surcharge <sup>22</sup>	0277	■	■		Col (A): <del>(2024)</del> x [ <del>(2425)</del> – 1.000] Col (B): <del>(2024)</del> x [ <del>(2425)</del> – 1.000] Col (C): Not Applicable
<del>(2927)</del> <b>Standard Premium Plus ARAP Surcharge</b>	0277	■	■	■	Col (A): <del>(2024)</del> + <del>(2226)</del> Col (B): <del>(2024)</del> + <del>(2226)</del> Col (C): <del>(2024)</del>

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<sup>12</sup> Part I, Column A

<sup>13</sup> Part I, Columns B + C + D + E

<sup>14</sup> Part I, Columns F + G

<sup>15</sup> Increased limits of employer's liability would not apply to Admiralty/FELA because the rate used in the calculation of adjusted manual premium for Admiralty/FELA reflects the increased limits of liability. See Rule XIII of the Massachusetts Workers' Compensation and Employer's Liability Insurance Manual.

Part III

MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET TOTAL PREMIUM CALCULATION				
■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	Class Categories		Calculation
		Admiralty/ FELA (A) <sup>23</sup>	Non – Admiralty/ FELA (B) <sup>24</sup>	
(1) Standard Premium		■	■	Part II, (2024)
(2) ARAP Surcharge		■	■	Part II, (2226)
(3) Premium Reduction Factor for Deductibles that apply to both Workers' Compensation and Employer's Liability	9663	■		If not applicable, use a factor of zero.
(4) Premium Adjustment for Deductibles that apply to both Workers' Compensation and Employer's Liability <sup>25</sup>	9663	■	■	-1.000 x [(1A) + (1B) + (2A) + 2B] x (3)
(5) Short Term Policy Pro Rata Factor <sup>26</sup>		■		Part II, (7)
(6) Premium Discount Factor <sup>27</sup>	0063, 0064	■		Based on Sum of (1A) + (1B)
(7) Premium Discount	0063, 0064	■	■	(1) x (6)
(8) Premium Subject to QLMP		■	■	(1) + (2) – (7)
(9) QLMP Credit Factor <sup>28</sup>	9880	■		If not applicable, use a factor of zero.
(10) QLMP Premium Adjustment <sup>29</sup>	9880	■	■	-1.000 x (8) x (9)
(11) Admiralty/FELA Minimum Premium <sup>30</sup>	9849	■		If not applicable, use a value of zero.
(12) Balance to Admiralty/FELA Minimum Premium	9849	■		If [(5) x (11)] > [(4) + (8) + (10)], then [(5) x (11)] – [(4) + (8) + (10)]; else zero

Part III (Continued)

MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET TOTAL PREMIUM CALCULATION				
■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	All Classes		Calculation
(131) Premium Subject to Loss Constant		■		(4A) + (4B) + (8A) + (8B) + (10A) + (10B) + (12A)
(141) Ratio of Actual to Original Policy Term <sup>31</sup>		■		
(151) Loss Constant <sup>32</sup>		■		
(161) Loss Constant Premium	0032	■		If (131) < \$500, then the lesser of [(5) x (141) x (151)] or [\$500 – (131)], else 0
(171) Expense Constant <sup>33</sup>		■		
(181) Expense Constant Premium	0900	■		(5) x (141) x (171)
(191) Balance to Minimum Expense Constant	0900	■		If (181) < \$15 then [\$15 – (181)], else 0
(201) Payroll in \$100s <sup>34</sup>		■		Do not include payroll for supplemental rates or the non-ratable classes. Do not include per capita exposures.
(241) TRIA Premium Factor	9740	■		TRIA Value

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<del>(222)</del> 0 TRIA Premium	9740	■	<del>(2018)</del> × <del>(2+19)</del>	
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Part III (Continued)

MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET TOTAL PREMIUM CALCULATION			
■ - Indicates that the given Rating Element applies to the column.			
Rating Element	Statistical Code	All Classes	Calculation
(232) Premium Subject to Short Rate Penalty (1)		■	(+311) + (+614) + (+816) + (+917) + (2220)
(242) Short Rate Penalty Factor (2)	0931	■	Table look up based on (+412) x 365 days
(252) Short Rate Penalty Premium (3)	0931	■	[(2321) / (+412)] x [(2422) - (+412)]
(262) Premium Subject to Total Policy Minimum Premium (4)		■	(2321) + (2523)
(272) Employers Liability Increased Limits Minimum Premium (5)	9848	■	Part II, (8)
(282) Admiralty/FELA Minimum Premium (6)	9849	■	(+1)Part II, (12)
(292) Class Minimum Premium <sup>35</sup> (7)	0990	■	
(302) Total Policy Minimum Premium (8)		■	(5) x [(2725) + (2826) + (2927)]
(312) Balance to Total Policy Minimum Premium (9)	0990	■	If (2624) < (3028) then [(3028) - (2624)], else 0
(32) Total Premium (30)		■	(2624) + (3129)

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<sup>23</sup> Part II, Column A

<sup>24</sup> Part II, Columns B + C

<sup>25</sup> Traditionally, Large Deductibles apply to losses under both Part One (Workers' Compensation) and Part Two (Employers' Liability) of the policy, therefore, the premium adjustment for these types of deductibles enter the algorithm here. Large Deductible Credits are reported under code 9663.

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<sup>26</sup> See endnote 16.

<sup>27</sup> If the policy is written on a multi-state basis, the discount factor will be based on the sum of the applicable premiums across all states.

For Large Construction Projects the discount factor will be based on the sum of the premiums for the combined project-related policies.

For the purpose of calculating premium discount for two or more policies that are issued to the same insured by one or more carriers that are under the same management, the total standard premium for those policies must be combined unless the insured instructs the carrier otherwise.

Premium Discount is not applicable to policies written with Large Deductibles.

<sup>28</sup> The QLMP Program relates to residual market risks and is available for a period of four years for a given insured. However, if a carrier voluntarily insures a risk previously written in the residual market that was paying a reduced premium because of the application of a QLMP credit factor, the carrier must continue to apply the QLMP factor for the balance of the four year eligibility period for those policies written on a guaranteed cost basis.

QLMP is not applicable to policies written with Large Deductibles.

<sup>29</sup> The QLMP premium adjustment is a negative value in the algorithm. For purposes of Unit Statistical Reporting, the value is assumed to be negative.

<sup>30</sup> When increased limits are purchased for Admiralty/FELA, adjust the Admiralty/FELA minimum by multiplying the basic limits Admiralty/FELA minimum by the applicable increased limits factor.



Part IV

MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION			
■ - Indicates that the given Rating Element applies to the column.			
Rating Element	Class Categories		
	Subject to Experience Rating		
	Non- Federal Payroll Classes <sup>36</sup>	Per Capita Classes	Supplemental Rate - Disease Classes
	(A)	(B)	(C)
(1) Class or Statistical Code	XXXX Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067
(2) Total Exposure	Payroll in \$100's	Number of Persons	Payroll in \$100's
(3) Rate	■	■	■
(4) Manual Premium Used to Calculate DIA Assessment (2) x (3)	■	■	■

Part IV (Continued)

MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION		
■ - Indicates that the given Rating Element applies to the column.		
Rating Element	All Classes	Calculation
(5) Manual Premium Used to Calculate DIA Assessment	■	Excludes: • Admiralty/FELA classifications • "F" classifications • Non-"F" classifications to which the USL&HWA factor has been applied [(4A) + (4B) + (4C) + (4D)]
(6) Experience Modification Factor	■	Part II, ( <del>1317</del> )
(7) Merit Rating Factor	■	Part II, ( <del>1519</del> )
(8) DIA Assessment Base	■	(5) x (6) x (7)
(9) DIA Assessment Rate	■	
(10) DIA Assessment	■	(8) x (9)

<sup>36</sup> DIA Assessment Rates are determined using the procedures outlined in M.G.L. c.152 § 65(4). The WCRIB annually issues a Circular Letter announcing the applicable assessment rates.

**Part I**

<b>MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET MANUAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.						
Rating Element	Class Categories					
	Subject to Experience Rating				Not Subject to Experience Rating	
	Admiralty <del>and FELA</del>	Non-Admiralty <del>and FELA</del> Payroll Classes	Per Capita Classes	Supplemental Rate - Disease Classes <sup>1</sup>	Supplemental Non-Ratable Classes	Supplemental Rate - Atomic Energy Exposure <sup>3</sup>
	(A)	(B)	(C)	(D)	(F)	(G)
(1) Class or Statistical Code	XXXX Too Many to List	XXXX Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067	0771 7445 7453	9985
(2) Exposure <sup>4</sup> - Not Subject to Waiver of Subrogation	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	Payroll in \$100's	Payroll in \$100's
(3) Exposure - Subject to Waiver of Subrogation <sup>5</sup>	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	Payroll in \$100's	Payroll in \$100's
(4) Total Exposure (2) + (3)	■	■	■	■	■	■
(5) Rate <sup>6</sup>	■	■	■	■	■	■
(6) USL&HW Act Factor <sup>7</sup>	■	■	■	■	■	■
(7) Manual Premium (4) x (5) x (6)	■	■	■	■	■	■
(8) Manual Premium Subject to Waiver of Subrogation (3) x (5) x (6)	■	■	■	■	■	■

Experience rating, merit rating, and ARAP surcharges do not apply to all class codes. Consequently, separate manual premium totals need to be maintained for those classes subject to either merit or experience rating and those not subject to either merit or experience rating. Additionally, the minimum premium applicable to Admiralty ~~and FELA~~ requires maintaining a separate premium total for Admiralty ~~and FELA~~ until the Admiralty ~~and FELA~~ minimum has been applied.

<sup>1</sup> Note that all supplemental disease codes for Massachusetts are subject to experience rating. Massachusetts does not have asbestosis related disease loads which are not subject to experience rating as in most states.

<sup>3</sup> Class code 9985 (Atomic Energy: Radiation Exposure NOC) allows for a supplemental rate to apply to exposures having exposure to atomic radiation when the business operations are not performed under the direction of the Nuclear Regulatory Commission or any government agency. Note that the Bureau is providing no guidance with respect to class code 9984 (Atomic Energy: Project Work) because the rating for this class is dependent upon the agreement of the carrier, the insured, and the Nuclear Regulatory Commission or government agency.

<sup>4</sup> Note that the most prevalent exposure base is **payroll in hundreds of dollars** (not just payroll). Use the actual exposure developed during the period the policy was in effect.

<sup>5</sup> When a policy is endorsed to waive the right to subrogate, the carrier can not pursue subrogation recoveries from a third party. Waiver of subrogation may apply to a policy in total or to a specific job covered by the policy. Since the waiver of subrogation may apply to a just a portion of the policy's exposure, it is necessary to capture both the exposure subject to waiver of subrogation and the exposure not subject to waiver of subrogation.

<sup>6</sup> This rate should reflect any adjustment for the removal of a disease load ~~or the election of increased limits of employer's liability limits applicable to Admiralty and FELA.~~

<sup>7</sup> If USL&HW Act benefits are to apply to exposures whose class rates reflect Massachusetts benefits, the USL&HW Act factor should be applied to adjust the class rates to reflect benefit and assessment differentials associated with USL&HW Act coverage. Do not apply the USL&HW Act factor to F – Classes because rates for F – Classes already reflect the benefit costs associated with the USL&HW Act. The following MA Act benefit classifications: 6811, 6834, 6836, 6854, 6882, 6884, and 7360 cannot be adjusted to reflect USL&H Act coverage. Use the corresponding F classifications if USL&H coverage is required.

If the USL&HW Act factor does not apply, use a factor of one.

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Part II

**MASSACHUSETTS WORKERS' COMPENSATION  
RESIDUAL MARKET STANDARD PREMIUM PLUS ARAP CALCULATION**

■ - Indicates that the given Rating Element applies to the column.

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Rating Element	Statistical Code	Class Categories			Calculation
		Experience Rated		Not Subject to Experience Rating (C) <sup>10</sup>	
		Admiralty <del>✓FELA</del> (A) <sup>8</sup>	Non – Admiralty <del>✓FELA</del> (B) <sup>9</sup>		
(1) Manual Premium Subject to Waiver of Subrogation		■	■	■	Part I, (8)
(2) Waiver of Subrogation Factor	0930		■		
(3) Waiver of Subrogation Charge	0930	■	■	■	(1) x (2)
(4) Manual Premium		■	■	■	Part I, (7)
(5) Employer Liability Increased Limits Factor <sup>11</sup>	9803-9816	■		■	If not applicable, use a factor of zero.
(6) Employer Liability Increased Limits Charge	9803-9816	■	■	■	(4) x (5)
(7) Short Term Policy Pro Rata Factor <sup>12</sup>			■		If not applicable, use a factor of 1.000.
(8) Employers Liability Increased Limits Minimum Premium	9848	■		■	If not applicable, use a value of zero.
(9) Balance to Minimum Premium for Employers Liability Increased Limits <sup>13</sup>	9848	■	■		If [(6B) + (6C)] < [(7) x (8)] and (5) > 0, then (9B) = [(7) x (8)] – [(6B) + (6C)], else zero.
(10) Admiralty Increased Limits Factor	9817-9818	■			If not applicable, use a factor of zero.
(11) Admiralty Increased Limits Charge	9817-9818	■			(4) x (10)
(12) Admiralty Increased Limits Minimum Premium	9849	■			If not applicable, use a factor of zero.
(13) Balance to Minimum Premium for Admiralty Increased Limits	9849	■			If (11A) < [(7) x (12A)] and (10A) > 0 then (13A) = [(7) x (12A)] – [(11A)] else zero.
(14) Premium Reduction Factor for Deductibles that apply only to Workers' Compensation and not to Employer's Liability	9664		■		If not applicable, use a factor of zero.
(15) Premium Adjustment for Deductibles that apply only to Workers' Compensation and not to Employer's Liability <sup>14</sup>	9664	■	■	■	-1.000 x (4) x (14)
(16) Subject Premium		■	■	■	(3) + (4) + (6) + (9) + (11) + (13) + (15)
(17) Experience Modification Factor			■		If not applicable, use a factor of 1.000.
(18) Experience Modification Premium Adjustment		■	■		Col (A): (16) x [(17) – 1.000] Col (B): (16) x [(17) – 1.000] Col (C): Not Applicable

<b>MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET STANDARD PREMIUM PLUS ARAP CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.					
Rating Element	Statistical Code	Class Categories			Calculation
		Experience Rated		Not Subject to Experience Rating (C) <sup>10</sup>	
		Admiralty <del>/FELA</del> (A) <sup>8</sup>	Non – Admiralty <del>/FELA</del> (B) <sup>9</sup>		
(4519) Merit Rating Factor	9885 9886	■	■	■	If not applicable, use a factor of 1.000.
(4620) Merit Rating Adjustment <sup>15</sup>	9885 9886	■	■	■	Col (A): <del>(+216)</del> x [(4519) – 1.000] Col (B): <del>(+216)</del> x [(4519) – 1.000] Col (C): Not Applicable
(4721) Modified Premium		■	■	■	Col (A): <del>(+216)</del> + <del>(+418)</del> + <del>(+620)</del> Col (B): <del>(+216)</del> + <del>(+418)</del> + <del>(+620)</del> Col (C): <del>(+216)</del>
(4822) MA CCPAP Factor	9046	■	■	■	If not applicable, use a factor of zero.
(4923) MA CCPAP Premium Adjustment <sup>16</sup>	9046	■	■	■	-1.000 x <del>(+721)</del> x <del>(+822)</del>
(2024) Standard Premium <sup>17</sup>		■	■	■	<del>(+721)</del> + <del>(+923)</del>
(2425) ARAP Surcharge Factor	0277	■	■	■	If not applicable, use a factor of 1.000.
(2226) ARAP Surcharge <sup>18</sup>	0277	■	■	■	Col (A): <del>(2024)</del> x [(2425) – 1.000] Col (B): <del>(2024)</del> x [(2425) – 1.000] Col (C): Not Applicable
(2327) Standard Premium Plus ARAP Surcharge	0277	■	■	■	Col (A): <del>(2024)</del> + <del>(2226)</del> Col (B): <del>(2024)</del> + <del>(2226)</del> Col (C): <del>(2024)</del>

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<sup>8</sup> Part I, Column A

<sup>9</sup> Part I, Column B + C + D + E

<sup>10</sup> Part I, Column F + G

<sup>11</sup> Increased limits of employer's liability would not apply to Admiralty ~~/FELA because the rate used in the calculation of manual premium for Admiralty/FELA reflects the increased limits of liability.~~ See Rule XIII of the *Massachusetts Workers' Compensation and Employer's Liability Insurance Manual*.

<sup>12</sup> Under certain conditions loss constants, expense constants, and minimum premiums are subject to a Short Term Policy Pro Rata Factor based on the policy term in accordance with Rule VI-J. Such is the case when:

- a short-term policy is issued to replace a binder, or
- a short-term policy is issued solely to establish concurrency with other policies of insurance,

<sup>13</sup> The balance to the employer's liability increased limits minimum premium is experience rated. Note that the sum of the increased limits premium charge for both Columns B and C is used to determine the balance to employer's liability increased limits minimum premium, which is carried in Column B.

<sup>14</sup> Both the MA Benefits Deductible Program and the MA Benefits Claim and Aggregate Deductible Program (small deductibles) currently apply only to the insurance provided by Part One (Workers' Compensation) of the policy.

The deductible premium adjustment is a negative value in the algorithm. For purposes of Unit Statistical Reporting, the value is assumed to be negative.

<sup>15</sup> If merit rating results in a premium reduction then report using statistical code 9885. Conversely, if merit rating results in a premium increase then report using statistical code 9886. Note that for purposes of Unit Statistical Reporting, values reported under statistical code 9885 are assumed negative.

<sup>16</sup> The Massachusetts CCPAP premium adjustment is a negative value in the algorithm. For purposes of Unit Statistical Reporting, the value is assumed to be negative.

Part III

MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET TOTAL PREMIUM CALCULATION				
■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	Class Categories		Calculation
		Admiralty/ FELA (A) <sup>19</sup>	Non – Admiralty/ FELA (B) <sup>20</sup>	
(1) Standard Premium		■	■	Part II, (2024)
(2) ARAP Surcharge		■	■	Part II, (2226)
(3) Short Term Policy Pro Rata Factor <sup>21</sup>			■	If not applicable, use a factor of 1.000.
(4) Premium Subject to QLMP		■	■	(1) + (2)
(5) QLMP Credit Factor <sup>22</sup>	9880		■	If not applicable, use a factor of zero.
(6) QLMP Premium Adjustment <sup>23</sup>	9880	■	■	-1.000 x (4) x (5)
(7) Admiralty/FELA Minimum Premium <sup>24</sup>	9849	■		If not applicable, use a value of zero.
(8) Balance to Admiralty/FELA Minimum Premium	9849	■		If [(3) x (7)] > [(4) + (6)] then [(3) x (7)] - [(4) + (6)]; else zero

Part III (Continued)

MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET TOTAL PREMIUM CALCULATION			
■ - Indicates that the given Rating Element applies to the column.			
Rating Element	Statistical Code	All Classes	Calculation
(97) Premium Subject to Loss Constant		■	(4A) + (4B) + (6A) + (6B) + (8A)
(108) Ratio of Actual to Original Policy Term <sup>25</sup>		■	
(119) Loss Constant <sup>26</sup>		■	
(1210) Loss Constant Premium	0032	■	If (97) < \$500, then the lesser of [(3) x (108) x (119)] or [\$500 - (97)], else 0
(1311) Expense Constant <sup>27</sup>		■	
(1412) Expense Constant Premium	0900	■	(3) x (108) x (1311)
(1513) Balance to Minimum Expense Constant	0900	■	If (1412) < \$15 then [\$15 - (1412)], else 0
(1614) Payroll in \$100s <sup>28</sup>		■	Do not include payroll for supplemental rates or the non-ratable classes. Do not include per capita exposure.
(1715) TRIA Premium Factor	9740	■	TRIA Value
(1816) TRIA Premium	9740	■	(1614) x (1715)
(1917) Premium Subject to Short Rate Penalty		■	(97) + (1210) + (1412) + (1513) + (1816)
(2018) Short Rate Penalty Factor	0931	■	Table look up based on (108) x 365
(2119) Short Rate Penalty Premium	0931	■	[(1917) / (108)] x [(2018) - (108)]
(2220) Premium Subject to Total Policy Minimum Premium		■	(1917) + (2119)

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**Part III (Continued)**

<b>MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET TOTAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.			
Rating Element	Statistical Code	All Classes Summarized	Calculation
(2321) Employers Liability Increased Limits Minimum Premium	9848	■	Part II, (8)
(2422) Admiralty/FELA Minimum Premium	9849	■	<del>(7)Part II, (12A)</del>
(2523) Class Minimum Premium <sup>29</sup>	0990	■	
(2624) Total Policy Minimum Premium		■	$(3) \times [(2321) + (2422) + (2523)]$
(2725) Balance to Total Policy Minimum Premium	0990	■	If $(2220) < (2624)$ then $[(2624) - (2220)]$ , else 0
(2826) Former Self-Insurers Charge <sup>30</sup>	9136	■	
<b>(2927) Total Premium</b>		■	<b><math>(2220) + (2725) + (2826)</math></b>

<sup>19</sup> Part II, Column A

<sup>20</sup> Part II, Columns B + C

<sup>21</sup> See endnote 12.

<sup>22</sup> The QLMP Program relates to residual market risks and is available for a period of four years for a given insured. However, if a carrier voluntarily insures a risk previously written in the residual market that was paying a reduced premium because of the application of a QLMP credit factor, he carrier must continue to apply the QLMP factor for the balance of the four year eligibility period or those policies written on a guaranteed cost basis.

<sup>23</sup> The QLMP premium adjustment is a negative value in the algorithm. For purposes of Unit Statistical Reporting, the value is assumed to be negative. Therefore, carriers do not need to report the negative sign on Unit Reports.

~~<sup>24</sup> When increased limits are purchased for Admiralty/FELA, adjust the Admiralty/FELA minimum by multiplying the basic limits Admiralty/FELA minimum by the applicable increased limits factor.~~

<sup>25</sup> Note that for policies subject to a Short Term Policy Pro Rata Factor that are cancelled mid-term, the Short Term Policy Pro Rata Factor needs to be adjusted by the Ratio of Actual to Original Policy Term. Assume, for example, the following applies to a normal policy that remains in-force for its original duration of one year:

- Expense Constant \$240
- Loss Constant 50
- Minimum Premium 750

**Part IV**

<b>MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.			
Rating Element	Class Categories		
	Subject to Experience Rating		
	Non- Federal Payroll Classes	Per Capita Classes	Supplemental Rate - Disease Classes
	(A)	(B)	(C)
(1) Class or Statistical Code	XXXX Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067
(2) Total Exposure	Payroll in \$100's	Number of Persons	Payroll in \$100's
(3) Rate	■	■	■
(4) Manual Premium Used to Calculate DIA Assessment (2) x (3)	■	■	■

**Part IV (Continued)**

<b>MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.		
Rating Element	All Classes	Calculation
(5) Manual Premium Used to Calculate DIA Assessment	■	Excludes: • Admiralty/ <del>FELA</del> classifications • "F" classifications • Non-"F" classifications to which the USL&HWA factor has been applied [(4A) + (4B) + (4C) + (4D)]
(6) Experience Modification Factor	■	Part II, ( <del>4317</del> )
(7) Merit Rating Factor	■	Part II, ( <del>4519</del> )
(8) DIA Assessment Base	■	(5) x (6) x (7)
(9) DIA Assessment Rate <sup>31</sup>	■	
(10) DIA Assessment	■	(8) x (9)

<sup>31</sup> DIA Assessment Rates are determined using the procedures outlined in M.G.L. c.152 § 65(4). The WCRIB annually issues a Circular Letter announcing the applicable assessment rates.



APPENDIX G  
TABLE OF HAZARD GROUPS

MASSACHUSETTS WORKERS COMPENSATION  
AND EMPLOYERS LIABILITY INSURANCE MANUAL

Effective September 1, 2008

MASSACHUSETTS TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G
3647	D	4283	C	4741	C	5472	G	6704	E †
3648	B	4299	B	4771	G	5473	G	6801	E
3681	B	4301	B	4777	G	5474	F	6811	E
3685	B	4304	D	4825	E	5478	E	6824	F
3724	F	4307	A	4828	D	5479	D	6826	E
3726	G	4308	B	4829	F	5480	F	6834	D
3807	B	4350	C	4902	B	5506	G	6836	E
3808	D	4351	C	4923	C	5507	F	6843	G
3821	D	4352	B	5020	E	5508	E	6854	G
3826	C	4360	B	5022	F	5509	F	6872	G
3830	D	4361	B	5037	G	5538	E	6874	G
3841	C	4362	C	5040	G	5545	G	6882	G
4000	F	4410	C	5057	G	5547	G	6884	G
4021	E	4417	B	5059	G	5606	F	7016	G
4024	E	4432	A	5069	G	5610	C		‡
4034	E	4439	E	5102	F	5645	F		‡
4036	E	4452	C	5146	E	5651	F	7024	G
4038	A	4459	C	5160	F	5701	G		‡
4053	C	4470	C	5183	E	5703	E		‡
4061	B	4484	C	5188	E	5705	E		‡
4062	C	4493	C	5190	E	6003	E		‡
4112	C	4511	D	5191	C	6005	E	7038	G
4113	C	4512	C	5192	C	6204	F		‡
4114	C	4557	B	5213	F	6217	F	7046	G
4130	C	4558	C	5215	D	6229	F	7047	G †
4133	B	4561	C	5221	E	6233	F	7050	G †
4150	A	4583	F	5222	F	6251	F		‡
4239	E	4611	B	5223	E	6252	G		‡
4243	C	4635	G	5348	E	6306	F		‡
4244	C	4653	B	5402	B	6319	F		‡
4250	C	4665	E	5403	F	6325	F	7090	G
4251	C	4692	B	5437	E	6400	D		‡
4273	C	4693	C	5443	C	6504	B		‡
4279	C	4720	C	5445	F	6702	E †		‡
4282	B	4740	E	5462	E	6703	E †	7098	G

‡ Class Codes 7019, 7020, 7027, 7028, 7036, 7037, 7039, 7075, 7079, 7088, 7089, 7091, 7093, 7097 are deleted effective July 1, 2016.

† Class Codes 6702, 6703, 6704, 7047, 7050 are effective July 1, 2016.

Effective September 1, 2008

MASSACHUSETTS TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G	Code No.	Hazard Group A-G
7099	G †	7538	G	8203	C	8800	A	9156	D
7133	F	7539	F	8204	E	8803	E	9178	A
7151	E	7580	E	8215	E	8805	B †	9179	B
7152	E	7590	D	8227	G	8810	C	9180	E
7153	E †	7600	E	8232	E	8814	B	9182	C
7219	F	7601	F	8233	E	8815	B	9186	F
7230	D	7610	D	8235	C	8820	D	9220	D
7231	D	7704	F	8263	D	8824	C	9402	E
7309	G	7720	E	8264	E	8826	B	9403	F
7313	G	7855	E	8265	F	8829	C	9410	C
7317	G	8001	B	8279	F	8831	C	9501	D
7327	G	8002	C	8291	D	8832	C	9505	D
7333	G	8006	C	8292	C	8833	C	9519	E
	‡	8008	B	8293	E	8835	C	9521	E
7335	G	8010	B	8350	F	8837	C	9522	C
	‡	8013	C	8380	D	8868	B	9533	F
7337	G †	8017	B	8381	D	8901	D	9534	F
7350	F	8018	B	8385	E	9014	C	9545	E
7360	E	8021	C	8392	C	9015	C	9549	E
7370	C	8031	C	8393	C	9016	C	9552	E
7380	D	8032	B	8500	E	9019	E	9553	F
7382	C	8033	C	8601	D	9033	C	9586	A
7394	G	8034	C	8709	G	9040	B	9620	D
7395	G	8039	B	8710	E	9052	B		
7398	G †	8044	D	8719	G	9058	A		
7403	E	8046	C	8720	E	9060	B		
7405	E	8048	B	8721	E	9061	A		
7420	G	8050	B	8726	E	9063	B		
7421	F	8058	C	8734	B †	9077	C		
7422	G	8103	D	8737	B	9079	A		
7425	G	8105	B	8738	B	9089	B		
7431	G	8106	E	8742	E	9093	B		
7502	E	8107	E	8745	D	9101	B		
7515	G	8111	C	8747	B	9102	C		
7520	C	8116	C	8748	D	9154	C		

‡ Class Codes 7334, 7336 are deleted effective July 1, 2016.

† Class Codes 7099, 7153, 7337, 7398, 8734, 8805 are effective July 1, 2016.

# Exhibit 13

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Effective April 1, 2014

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
5508D	2.49	.17	7151	3.96	.52 †	8018	1.40	.19	8745	1.69	.19	9519	1.16	.19			
5509	1.25	.18	7152	6.22	.52 †	8021	1.28	.19	8747	0.50	.20	9521	1.60	.18			
5538	2.14	.18	7153	4.96	.52 †	8031	1.12	.19	8748	0.23	.19	9522	0.76	.18			
5545	11.31	.19	7219	3.68	.18	8032	0.73	.19	8800	0.43	.20	9533	7.60	.16			
5547	5.64	.19	7230	3.22	.18	8033	0.88	.19	8803	0.02	.19	9534	2.25	.18			
5606	0.65	.18	7231	3.27	.18	8034	1.71	.19	8805	0.09	.60 †	9545	1.70	.18			
5610	2.47	.17	7309F	9.10	.20	8039	0.70	.20	8810	0.04	.20	9549	1.92	.19			
5645	3.15	.19	7313F	4.76	.15	8044	1.65	.21	8814	0.07	.60 †	9552	3.30	.17			
5651	3.15	.19	7317F	4.55	.17	8046	1.08	.20	8815	0.11	.59 †	9553	3.20	.17			
5701	7.87	.20	7327F	10.42	.20	8048	1.42	.19	8820	0.04	.19	9586	0.22	.19			
5703	10.00	.17	7333	4.51	.70 †	8050	0.76	.20	8824	0.76	.19	9620	0.33	.19			
5705	4.18	.19	7335	5.30	.70 †	8058	1.18	.20	8826	0.76	.19						
6003	4.84	.17	7337	6.65	.61 †	8103	1.39	.19	8829	0.95	.19						
6005	2.49	.17	7350F	5.82	.20	8105	2.15	.19	8831	0.50	.22						
6204	3.53	.17	7360	2.51	.18	8106	2.90	.20	8832	0.11	.19						
6217	1.74	.18	7370	2.15	.19	8107	1.49	.19	8833	0.54	.19						
6229	1.74	.18	7380	2.90	.19	8111	1.37	.20	8835	0.90	.18						
6233	1.53	.17	7382	1.82	.19	8116	1.63	.19	8837	(a)	(a)						
6251D	2.36	.16	7394	5.80	.84 †	8203	2.57	.20	8868	0.32	.20						
6252D	2.86	.18	7395	7.41	.84 †	8204	2.04	.18	8901	0.04	.20						
6306	3.05	.18	7398	9.29	.74 †	8215	1.34	.19	9014	1.18	.19						
6319	1.82	.19	7403	2.05	.20	8227	1.43	.19	9015	1.37	.19						
6325	1.76	.19	7405	0.57	.19	8232	1.98	.19	9016	0.79	.21						
6400	2.98	.18	7420	2.37	.15	8233	3.29	.19	9019	1.36	.17						
6504	1.06	.19	7421	0.83	.17	8235	1.91	.19	9033	1.92	.18						
6801F	4.33	.21	7422	0.76	.17	8263	2.94	.19	9040	1.28	.19						
6811	3.66	.21	7425	1.30	.16	8264	2.14	.18	9052	0.76	.19						
6824F	3.57	.21	7431	0.76	.17	8265	3.19	.19	9058	0.81	.19						
6826F	3.99	.21	7445	.	.	8279	1.94	.21	9060	0.49	.20						
6834	1.28	.18	7453	.	.	8291	2.08	.19	9061	0.50	.20						
6836	1.11	.19	7502	1.43	.19	8292	1.58	.19	9063	0.34	.21						
6843F	4.45	.18	7515	0.85	.21	8293	3.79	.20	9077F	1.80	.22						
6854	3.76	.18	7520	1.58	.19	8350	2.36	.18	9079	0.59	.20						
6872F	9.43	.20	7538	1.97	.18	8380	1.26	.19	9089	0.59	.20						
6874F	8.39	.19	7539	0.52	.18	8381	0.87	.21	9093	0.57	.21						
6882	7.97	.20	7580	1.13	.19	8385	1.24	.18	9101	1.61	.20						
6884	7.09	.19	7590	2.67	.18	8392	0.62	.19	9102	1.13	.20						
6702	(a)	(a) †	7600	1.48	.18	8393	0.87	.18	9154	0.60	.19						
6703	(a)	(a) †	7601	2.16	.18	8500	3.29	.19	9156	0.56	.20						
6704	(a)	(a) †	7610	0.09	.18	8601	0.13	.19	9178	8.20	.24						
7016	1.12	.79 †	7704	0.80	.20	8709F	2.11	.21	9179	12.24	.18						
7024	1.40	.79 †	7720	0.79	.19	8710	1.00	.19	9180	1.82	.21						
7038	2.12	.76 †	7855	2.31	.17	8719	0.88	.19	9182	1.70	.23						
7046	3.02	.58 †	8001	0.77	.20	8720	0.38	.19	9186	1.77	.21						
7047	1.76	.69 †	8002	0.93	.20	8721	0.08	.23	9220	1.54	.19						
7050	3.32	.67 †	8006	0.72	.20	8726F	2.39	.22	9402	2.25	.18						
7090	2.65	.76 †	8008	0.34	.19	8734	0.21	.54 †	9403	3.45	.18						
7098	3.55	.58 †	8010	0.72	.20	8737	0.17	.54 †	9410	0.98	.21						
7099	4.45	.51 †	8013	0.20	.20	8738	0.26	.53 †	9501	1.25	.21						
7133	(a)	(a)	8017	0.54	.20	8742	0.07	.19	9505	1.25	.21						

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

F Expected Loss Rates and Discount Ratios for risks covered under the United States Longshore and Harbor Workers' Compensation Act.

D Supplement Disease Loading.

† Class Codes 6702, 6703, 6704, 7016, 7024, 7038, 7046, 7047, 7050, 7090, 7098, 7099, 7151, 7152, 7153, 7333, 7335, 7337, 7394, 7395, 7398, 8734, 8737, 8738, 8805, 8814 and 8815 are effective July 1, 2016.

# Exhibit 14

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**PROPOSED REVISION TO THE MASSACHUSETTS WORKERS'  
COMPENSTATION STATISTICAL PLAN**

**November 6, 2015**

**Admiralty and FELA**

**Proposal**

Adopt statistical codes 9817-9822 and 9840 for reporting Admiralty or FELA Employers Liability Increased Limits.

**Purpose**

The WCRIBMA proposes to adopt the current countrywide rules, classifications, classification phraseologies and rating methods for our like Admiralty and FELA coverages. The MA Statistical Plan need to be updated to include statistical codes 9817-9822 and 9840 for reporting Admiralty or FELA Employers Liability Increased Limits, when increased limits are selected from the table in the Workers Compensation and Employers Liability Manual. The premium resulting from the use of these statistical codes will be subject to experience rating.

**Implementation**

The change is effective July 1, 2016.

**Statistical Plan Pages**

- Part III – Definitions, Pages 4 and 9.
- Part VI – Appendices, Appendix II – Statistical Class Codes, Pages 3 and 4.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: July 1, 2016

Distributed:

**PART III - DEFINITIONS**

**Page 4**

Premium Components						
Components	Aggregate Financial Premium Levels				Unit Statistical Report Premium	Class Codes
	Standard Premium at Bureau Designated Statistical Rate Level	Standard Premium at Company Level	Net Premium	Direct Premium		
12. Large Deductible Premium Credit			x	x	x	9663,9664
13. Premium Discount			x	x	x	0063, 0064
14. QLMP Credit				x	x	9880
15. Admiralty / FELA <i>Employers Liability Increased Limits Minimum Premium</i>	x	x	x	x	x	<i>9817-9822, 9840, 9849</i>
16. Loss Constant	x	x	x	x	x	0032
17. Expense Constant	x	x	x	x	x	0900
18. Balance to Total Policy Minimum Premium Adjustments	x	x	x	x	x	0990
19. Terrorism Insurance Program Premiums				x	x	9740
20. Short Rate Penalty Premium	x	x	x	x	x	0931
21. Retrospective Rating Adjustments			x	x		NA
22. Special Circumstances:						
a. Independently Filed Carrier Program			x	x	x	9721 – 9724
b. Formerly Self Insureds			x	x	x	9129, 9136
c. No-Massachusetts Exposure			Must be zero			1111
23. Deductible Reimbursements			Do Not Report			
24. Policyholder Dividends			Do Not Report			
25. DIA Assessment			Do Not Report			

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: July 1, 2016

Distributed:

**PART III - DEFINITIONS**

**Page 9**

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

15. ~~Balance to Admiralty / FELA Minimum Premium~~ **Employers Liability Increased Limits**  
*Report any additional premium for increased limits of liability to the appropriate statistical code.* Determine the balance to Admiralty / FELA minimum premium in accordance with Massachusetts Premium Algorithm and report using statistical class code 9849.

<i>Code</i>	<i>Limit Per Occurrence (\$000 omitted)</i>
<i>9817</i>	<i>50</i>
<i>9818</i>	<i>100</i>
<i>9819</i>	<i>200</i>
<i>9820</i>	<i>300</i>
<i>9821</i>	<i>400</i>
<i>9822</i>	<i>500</i>
<i>9840</i>	<i>Over 500</i>
<i>9849</i>	<i>Increased Limits, additional premium to balance to minimum premium.</i>

*For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).*

**16. Loss Constant**

Use statistical class code 0032 to report loss constant premium.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**17. Expense Constant**

Use statistical class code 0900 to report expense constant premium, including the balance to minimum expense constant.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**18. Balance to Total Policy Minimum Premium Adjustments**

Determine the balance to total policy minimum premium in accordance with Massachusetts Premium Algorithm and report using statistical class code 0990.



**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: July 1, 2016  
Distributed:  
Part VI – Appendices

Appendix II – Statistical Class Codes  
Page 3

Code	Phraseology	Premiums Assumed to be a Positive Value	Subject to Experience Mod.	How is the Exposure Expressed	Can Losses be Coded to this Class
9806	Employers Liability 100/100/10,000	Yes	Yes	Blank	No
9807	Employers Liability 500/500/500	Yes	Yes	Blank	No
9808	Employers Liability 500/500/1,000	Yes	Yes	Blank	No
9809	Employers Liability 500/500/2,500	Yes	Yes	Blank	No
9810	Employers Liability 500/500/5,000	Yes	Yes	Blank	No
9811	Employers Liability 500/500/10,000	Yes	Yes	Blank	No
9812	Employers Liability 1,000/1,000/1,000	Yes	Yes	Blank	No
9813	Employers Liability 1,000/1,000/2,500	Yes	Yes	Blank	No
9814	Employers Liability 1,000/1,000/5,000	Yes	Yes	Blank	No
9815	Employers Liability 1,000/1,000/10,000	Yes	Yes	Blank	No
9816	Employers Liability	Yes	Yes	Blank	No
9817	<i>Additional Premium for Admiralty or FELA Increased Limits - 50</i>	Yes	Yes	Blank	No
9818	<i>Additional Premium for Admiralty or FELA Increased Limits - 100</i>	Yes	Yes	Blank	No
9819	<i>Additional Premium for Admiralty or FELA Increased Limits - 200</i>	Yes	Yes	Blank	No
9820	<i>Additional Premium for Admiralty or FELA Increased Limits - 300,000</i>	Yes	Yes	Blank	No
9821	<i>Additional Premium for Admiralty or FELA Increased Limits - 400</i>	Yes	Yes	Blank	No
9822	<i>Additional Premium for Admiralty or FELA Increased Limits - 500</i>	Yes	Yes	Blank	No

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: July 1, 2016  
Distributed:  
Part VI – Appendices

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Page 4

Code	Phraseology	Premiums Assumed to be a Positive Value	Subject to Experience Mod.	How is the Exposure Expressed	Can Losses be Coded to this Class
9840	<i>Additional Premium for Admiralty or FELA Increased Limits – Over 500</i>	Yes	Yes	Blank	No
9848	Employers Liability Minimum Premium	Yes	Yes	Blank	No
9849	Admiralty/FELA Balance Minimum	Yes	Yes <del>No</del>	Blank	No
9880	Qualified Loss Management Program Credit	No	No	Blank	No
9884	Merit Rating Unity	Must be zero	No	Blank	No
9885	Merit Rating Credit	No	No	Blank	No
9886	Merit Rating Debit	Yes	No	Blank	No
9887	Premium Credit for Scheduled Rating Plan-Not Subject to Experience Rating	No	No	Blank	No
9985	Atomic Energy: Radiation Exposure NOC	Yes	No	Blank	No

**PROPOSED REVISION TO THE MASSACHUSETTS WORKERS'  
COMPENSTATION STATISTICAL PLAN**

**November 6, 2015**

**Add a Column in Call #5A – Large Deductible Company Level Written Premium**

**Proposal**

In Part II – Aggregate Financial Reporting, Call #5A – Large Deductible Company Level Written Premium add Column 3, Large Deductible Commissions and Brokerage Expenses.

**Purpose**

The WCRIBMA proposes to add another column in Call #5A – Large Deductible Company Level Written Premium to collect data for Large Deductible Commissions and Brokerage Expenses in an attempt to exclude the impact of large deductible policies on the commission ratio calculated in Section VI – Expense of the Rate Filing.

**Implementation**

The change is effective July 1, 2016.

**Statistical Plan Pages**

- Part II – Aggregate Financial Reporting, Section IV – Annual Calls, Call #5A.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: *July 1, 2016*  
Distributed:  
Part II – Aggregate Financial Reporting

Section IV  
ANNUAL CALLS  
Page 5A:1

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**CALL #5A – LARGE DEDUCTIBLE COMPANY LEVEL WRITTEN PREMIUM**

Data Period: Calendar Year data  
Due Date: April 1

**A. Description**

For large deductible policies, report the current calendar year written standard premium at company level and the ARAP surcharge, *and Commission and Brokerage Expenses*.

**B. Reporting Requirements**

1. Data is to be reported for all large deductible policies effective on or after January 1, 1994.
2. Consistent with the Policy Year Large Deductible Calls, Terrorism Insurance Program (Certified Acts of Terrorism) Premium should **not** be included.
3. Unlike the Policy Year Large Deductible Call, **do not exclude** written premiums associated with "F" Classification and Maritime experience.

**C. Column Instructions**

**Column 1:** Large Deductible<sup>4</sup> Written Standard Premium at Company Level  
The Large Deductible Written Standard Premium at Company Level is analogous to the earned Standard at Company Level premium reported on Call # 2C – Policy Year Large Deductible Call **except** that this call is asking for written premium instead of earned premium and includes written premiums associated with "F" Classification and Maritime experience.

**Column 2:** Large Deductible<sup>4</sup> Written ARAP Premium Surcharge  
The Large Deductible Written ARAP Premium Surcharge is analogous to the earned ARAP premiums reported on Call # 2C – Policy Year Large Deductible Call **except** that this call is asking for written premium instead of earned premium and includes written premiums associated with "F" Classification and Maritime experience.

**Column 3:** *Large Deductible<sup>4</sup> Commissions and Brokerage Expenses*  
*Large Deductible Commissions and Brokerage Expenses should be the portion of the Commissions and Brokerage Expenses reported on the Annual Statement Exhibit of Premium & Losses that resulted from Large Deductible policies.*

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<sup>4</sup> Prior to May 1, 2003 the per claim deductible for a large deductible policy had to be at least \$100,000. Effective May 1, 2003, the minimum per claim deductible for a large deductible policy was reduced to \$75,000.

**Call # 5A – LARGE DEDUCTIBLE COMPANY LEVEL WRITTEN PREMIUM**

	(1)	(2)	(3)
Calendar Year	Large Deductible Company Level Written Premium		<i>Large Deductible Commissions and Brokerage Expenses</i>
	Standard Premium	ARAP Premium	
XXXX			

**PROPOSED REVISION TO THE MASSACHUSETTS WORKERS'  
COMPENSTATION STATISTICAL PLAN**

**November 6, 2015**

**Revision of Part IV – Examinations and Reconciliations**

**Proposal**

Revise Part IV – Examinations and Reconciliations to include reconciliations of ARAP premium, QLMP premium, Construction Credit and Claim Counts.

**Purpose**

The Division of Insurance is requesting that the WCRIBMA expand Section IV, the Examinations and Reconciliations section of the MA Statistical Plan, to include reconciliations of ARAP premium, QLMP premium, Construction Credit and Claim Counts.

**Implementation**

The change is effective July 1, 2016.

**Statistical Plan Pages**

- Part IV – Examinations and Reconciliations, Pages 2 and 3.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

**Effective:** July 1, 2016

**Distributed:**

**Part IV – Examinations and Reconciliations**

**Page 2**

aggregate financial data, meaningful comparisons can be made between these two sources of data as a test for consistency.

b. Comparisons

Policy year premium and policy year loss data submitted on USRs will be compared to comparable policy year aggregate financial data by carrier group. Aggregate financial data will be the sum of the Policy Year Call, Policy Year Large Deductible Call, Policy Year F-Class Call and Policy Year Maritime Call. Five policy years will be compared as follows:

Policy Year	Unit Statistical Report Level	USR Age (in months)	Aggregate Financial Valuation Date	Aggregate Financial Age (in months)
XXXX – 4	Fifth	66	12/31/XXXX+1	72
XXXX – 3	Fourth	54	12/31/XXXX+1	60
XXXX – 2	Third	42	12/31/XXXX+1	48
XXXX – 1	Second	30	12/31/XXXX+1	36
XXXX	First	18	12/31/XXXX+1	24

c. Data Tested

The specific data elements to be reviewed are:

- Policy Year Accumulated Earned Premium - Standard at Bureau DSR Level
- *ARAP Premium*
- *Construction Credit*
- *QLMP Credit*
- Indemnity Paid
- Medical Paid
- Indemnity Paid + Case
- Medical Paid + Case
- *Reported Lost Time Claims*
- *Closed Lost Time Claims*

**Note that USR standard premium is defined differently from Aggregate Financial standard premium.** Consequently, adjustments will be made to the USR standard premium to facilitate the reconciliation to the aggregate financial data. Specifically, the USR standard premium used in the comparison will include the expense constant reported under statistical class code 0900 and it will exclude schedule rating credits, deviations, and deductible credits reported under statistical class codes 0887, 9037, and 9664.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

**Effective:** July 1, 2016

**Distributed:**

**Part IV – Examinations and Reconciliations**

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d. Tolerances

The reconciliation will calculate 'differences' and 'percentage differences' which will be compared against the applicable tolerances.

The difference and percentage difference for a given data element will be calculated as:

$$\text{Difference} = \text{USR Value} - \text{Aggregate Financial Value}$$

$$\text{Percentage Difference} = [(\text{USR Value} - \text{Aggregate Financial Value}) / \text{USR Value}] \times 100$$

To be considered within tolerance, the reviewed data elements must meet either Condition A or Condition B.

Condition A – Difference must be within +/- the acceptable amount specified below.

Condition B – Difference must be within +/- the acceptable amount specified below **AND** the percentage difference must be within +/- the acceptable amount specified below.

			Condition A	Condition B	
Data Element	AF Age (in months)	USR Age (in months)	Difference	Percentage Difference	Difference
Standard Premium	72	66	50,000	10%	1,000,000
	60	54	50,000	10%	1,000,000
	48	42	50,000	10%	1,000,000
	36	30	50,000	10%	1,000,000
	24	18	100,000	20%	2,000,000
Other Premium*	72	66	10,000	10%	250,000
	60	54	10,000	10%	250,000
	48	42	10,000	10%	250,000
	36	30	10,000	10%	250,000
	24	18	20,000	20%	500,000
Losses	72	66	100,000	10%	1,000,000
	60	54	100,000	10%	1,000,000
	48	42	100,000	10%	1,000,000
	36	30	200,000	15%	1,500,000
	24	18	300,000	20%	2,000,000
Claims	72	66	10	10%	100
	60	54	10	10%	100
	48	42	10	10%	100
	36	30	10	10%	100
	24	18	10	10%	100

\* Note: Other Premium includes ARAP Premium, Construction Credit and QLMP Credit.



**PROPOSED REVISION TO THE MASSACHUSETTS WORKERS'  
COMPENSTATION STATISTICAL PLAN**

**November 6, 2015**

**Elimination of Three-Year Fixed Rate Policy Indicator**

**Proposal**

Update Part I – Unit Statistical Reporting to eliminate references to Three-Year Fixed Rate Policy Indicator.

**Purpose**

This change is a result of Circular Letter No 2214, which eliminated Part One Rule XI – Three Year Fixed Policy Option from the Massachusetts Workers' Compensation and Employers Liability Insurance Manual.

**Implementation**

The change is effective July 1, 2016.

**Statistical Plan Pages**

- Part I – Unit Statistical Reporting, Section III – Corrections, Page 10.
- Part I – Unit Statistical Reporting, Section IV – Header Information, Page 2.
- Part I – Unit Statistical Reporting, Section IV – Header Information, Page 5.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

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- A. Corrections Submitted between Valuations
- B. Method of Reporting Corrections
- C. Correction Type Code
- D. Update Type Code

**SECTION IV – HEADER INFORMATION**

- A. General Information
- B. Header Information Data Element Index
- C. Header Information Data Elements
  - 1. Carrier Code
  - 2. Policy Number Identifier
  - 3. Exposure State Code
  - 4. Policy Effective Date
  - 5. Report Number
  - 6. Correction Sequence Number
  - 7. Policy Expiration or Cancellation Date
  - 8. Replacement Report Code
  - 9. Business Segment Identifier
  - 10. Correction Type Code
  - 11. State Effective Date
  - 12. Federal Employer Identification Number (FEIN)
  - 13. ~~Three Year Fixed Rate Policy Indicator~~
  - 14. Multistate Policy Indicator
  - 15. Interstate Rated Policy Indicator
  - 16. Estimated Audit Code
  - 17. Retrospective Rated Policy Indicator
  - 18. Canceled Mid-Term Policy Indicator

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code, policy number, policy effective date, report number or exposure state on a correction report will cause the correction to be rejected or incorrectly applied to previously submitted data. The carrier must replace or amend these correction reports.

- c. *Link data corrections are to be reported on corrections to first unit statistical reports only.*

2. Header Corrections – Non-Link Data Elements

- a. The policy/header non-link data elements eligible for carrier update as header corrections are:
- policy expiration date
  - risk identification number
  - replacement report code
  - business segment identifier
  - correction type code
  - state effective date
  - federal employer identification number
  - ~~three year fixed rate policy indicator~~
  - multistate policy indicator
  - interstate rated policy indicator
  - estimated audit code
  - retrospective rated policy indicator
  - canceled mid-term policy indicator
  - type of coverage identification code
  - type of plan identification code
  - type of non-standard identification code
  - losses subject to deductible code
  - basis of deductible calculation code
  - deductible amount per claim/accident
  - deductible amount – aggregate
- b. For corrections to all non-link header data elements use correction type code “H” or “M”.
- c. Non-link data corrections are to be reported on corrections to first unit statistical reports only.

**D. Update Type Code**

- All exposure and loss records on correction reports must contain *an* update type code as follows:

Code	Description
P	To delete a record from a previous unit statistical report use update type code “P” only.
R	To add a data record that was not previously reported use update type code “R” only.
P, R	To revise previously reported data: <ul style="list-style-type: none"> <li>• use update type “P” to delete the record</li> <li>• use update type “R” to add a record with the revised data.</li> </ul>

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<a href="#">2</a>	Policy Number Identifier	2
<a href="#">27</a>	Previous Carrier Code	8
<a href="#">26</a>	Previous Correction Sequence Number	8
<a href="#">30</a>	Previous Exposure State	8
<a href="#">29</a>	Previous Policy Effective Date	8
<a href="#">28</a>	Previous Policy Number Identifier	8
<a href="#">25</a>	Previous Report Number	7
<a href="#">8</a>	Replacement Report Code	5
<a href="#">5</a>	Report Number	3
<a href="#">16</a>	Retrospective Rated Policy Indicator	6
<a href="#">11</a>	State Effective Date	5
<a href="#">13</a>	<del>Three Year Fixed Rate Policy Indicator</del>	<del>5</del>
<a href="#">18</a>	Type of Coverage ID Code	6
<a href="#">20</a>	Type of Non-Standard ID Code	6
<a href="#">19</a>	Type of Plan ID Code	6

**C. Header Information Data Elements**

1. Carrier Code

Report the code assigned to the reporting company by NCCI.

2. Policy Number Identifier

Report the code that uniquely identifies the policy under which experience occurred excluding blanks, punctuation marks, and special characters. The policy number identifier should include the complete policy number as set forth on the Policy Information Page plus any applicable prefixes or suffixes and must remain the same throughout the life of the policy.

3. Exposure State Code

Report code "20" for Massachusetts. If anything other than "20" is reported, it will be rejected.

4. Policy Effective Date

a. Standard term policies (up to one year and 16 days):

Report the month, day and year upon which the policy became effective.

b. Extended term policies (more than one year and 16 days and up to three years):

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8. Replacement Report Code

When replacing a previously submitted unit statistical report enter code “R” in the replacement report code field. For all unit statistical reports other than replacements this field should be blank. Submission of a replacement will delete previously reported unit statistical reports from the WCRIBMA’s data base. Replacements can be submitted for unit statistical reports which are accepted, rejected or failed. A replacement unit statistical report can be used instead of a correction report.

9. Business Segment Identifier

Carriers, at their option, may report a business segment identification number. For additional information refer to [Circular Letter 2159](#).

10. Correction Type Code

Report the code that indicates the type of correction report being submitted. See [Section III – Corrections, Subsection C](#) for a list of correction type codes.

11. State Effective Date

Report the endorsement effective date if the Massachusetts coverage was endorsed mid-term, otherwise zero-fill the field.

12. Federal Employer Identification Number (FEIN)

Report the Federal employer identification number of the insured as shown on the Policy Information Page. If the policy has been endorsed to change the FEIN, report the FEIN from the latest endorsement.

~~13. Three Year Fixed Rate Policy Indicator~~

~~Y = Policy is a three year fixed rate policy.~~

~~N = Policy is not a three year fixed rate policy.~~

14. Multistate Policy Indicator

Y = If more than one state is listed in Item 3A of the Policy Information Page.

N = If only Massachusetts is listed in Item 3A of the Policy Information Page.

15. Interstate Rated Policy Indicator

Y = Policy is interstate rated in accordance with the [Experience Rating Plan Manual](#).

N = Policy is not interstate rated.

16. Estimated Audit Code

Y = Policy has estimated exposure(s).

N = Policy does not have estimated exposure(s).

U = Uncooperative. The insured has not cooperated with the carrier for purposes of auditing exposure(s).

**PROPOSED REVISION TO THE MASSACHUSETTS WORKERS'  
COMPENSTATION STATISTICAL PLAN**

**November 6, 2015**

**Clarifications of Reporting Requirements and  
Consistency in MA Statistical Plan**

**Proposal**

Update different sections of the MA Statistical Plan for consistency and clarification of reporting requirements.

**Purpose**

The WCRIBMA is updating the MA Statistical Plan to provide further information, to clarify and to achieve consistency throughout the MA Statistical Plan.

**Implementation**

The change is effective July 1, 2016.

**Statistical Plan Pages**

- Part I – Unit Statistical Reporting, Section II – First Unit Statistical Reports and Re-Valuations, Page 1.
- Part I – Unit Statistical Reporting, Section III – Corrections, Pages 8 and 10.
- Part I – Unit Statistical Reporting, Section IV – Header Information, Page 3.
- Part III – Definitions, Pages 8, 14 and 17.
- Part IV – Examinations and Reconciliations, Pages 4, 6 and 7.

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Distributed: FIRST UNIT STATISTICAL REPORTS AND RE-VALUATIONS

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**SECTION II – FIRST UNIT STATISTICAL REPORTS AND RE-VALUATIONS**

**A. Date of Valuation and Filing**

Unit statistical reports are valued and due as follows:

Unit Statistical Report Level	USR Age (Number of months since policy or segment effective month)	Due at WCRIBMA (in months)	Delinquent and Fined on First day of the following month	Data Reported	
				Exposure	Loss
First	18	20	21st	X	X
Second	30	32	33rd		X
Third	42	44	45th		X
Fourth	54	56	57th		X
Fifth	66	68	69th		X
Sixth	78	80	81st		X
Seventh	90	92	93rd		X
Eighth	102	104	105th		X
Ninth	114	116	117th		X
Tenth	126	128	129th		X

**B. First Unit Statistical Reports**

- The premium and losses of each policy are first valued as of eighteen (18) months after the policy effective month and reported no later than twenty (20) months after the policy effective month.
- Update Type Code
  - All exposure and loss records on first unit statistical reports must contain an update type code as follows:

Code	Description
R	Each record reported on first unit statistical reports must use code "R" only.

**C. Re-Valuations (Subsequent Unit Statistical Reports)**

- Subsequent unit statistical reports are re-valuations of losses and are required when:

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**Step 8:**

Prepare the correction report to the second and third unit statistical reports to include the necessary corrected loss amounts and also report the claim with [Type of Recovery](#) Code "03".

Note: For a claim that was previously reported as closed which needs to be corrected due to a subrogation recovery, the corrected paid amounts should be equal to the corrected incurred amounts.

7. Aggravated Inequity (Loss Record)

An aggravated inequity is a claim that closes between the valuation date and the next rating effective date for an amount less than the amount valued previously. The necessary correction report is to be submitted upon the WCRIBMA's request or once the carrier determines that the difference between the previously reported incurred losses and the final paid losses constitutes an aggravated inequity, whichever comes first. See the [Experience Rating Plan Manual](#) for more information.

8. Extraordinary Loss Event (Loss Record)

Corrections must be submitted for all unit statistical reports when it has been determined that one or more claims should be reported with a catastrophe code identifying an extraordinary loss event. (Refer to Section VI – Loss Record Data, Subsection C.7 for a definition of [Extraordinary Loss Event](#) Claims).

**B. Method of Reporting Corrections**

1. Correction reports

Correction reports can be used to change previously reported data and must be reported with a *Correction* Sequence Number greater than "0" for a given unit statistical report level. Refer to [Section IV – Header Information, Subsection C.6](#).

2. Replacement reports

Replacement reports can be used to completely replace a previously submitted unit *and must be reported with replacement code "R"*. Refer to [Section IV – Header Information, Subsection C.8](#).

3. Deletion of Entire Units

Entire units (reports or correction reports) can be deleted only by sending a written request to the Data Operations Department via email ([DataOperations@wcribma.org](mailto:DataOperations@wcribma.org)) or to the following address:

Data Operations Department  
WCRIBMA  
101 Arch Street, 5th Floor  
Boston, MA 02110

The reason for the request must be specified.



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  - federal employer identification number
  - ~~three-year fixed rate policy indicator~~
  - multistate policy indicator
  - interstate rated policy indicator
  - estimated audit code
  - retrospective rated policy indicator
  - canceled mid-term policy indicator
  - type of coverage identification code
  - type of plan identification code
  - type of non-standard identification code
  - losses subject to deductible code
  - basis of deductible calculation code
  - deductible amount per claim/accident
  - deductible amount – aggregate
- b. For corrections to all non-link header data elements use correction type code “H” or “M”.
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**D. Update Type Code**

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- If the policy term is a multiple of 12 months, segment the policy term into consecutive 12 month periods. For each segment, report the beginning date of the segment in the policy effective date field.
- If the policy term is not a multiple of 12 months, segment the policy term in accordance with the policy period endorsement. For each segment, report the beginning date of the segment in the policy effective date field.

5. Report Number

Report the code that corresponds to the loss valuation month.

Code	Unit Statistical Report Level	<i>USR Age</i> (Number of months since policy or segment effective month)
1	First	18
2	Second	30
3	Third	42
4	Fourth	54
5	Fifth	66
6	Sixth	78
7	Seventh	90
8	Eighth	102
9	Ninth	114
A	Tenth	126

6. Correction Sequence Number

Report the sequential number that corresponds to the number of correction reports submitted for a particular unit statistical report level. Use "1" through "9", then "A" through "Z" as correction sequence numbers for a unit statistical report level.

Report "0" in correction sequence number if original unit statistical report level submission.

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For more information refer to the [Experience Rating Plan Manual](#).

**8. Massachusetts Construction Classification Premium Adjustment Program (MA CCPAP)**

Use code 9046 to report MA CCPAP.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**9. All Risk Adjustment Program (ARAP) Surcharge**

Use Code 0277 to report ARAP.

For more information refer to the [Experience Rating Plan Manual](#).

**10. Massachusetts Benefits Deductible Premium Credit (Small Deductible)**

Premium credits associated with the Massachusetts Benefits Deductible Program are to be reported with class code 9664. The per claim deductible amount is to be reported in the header record in the claim deductible amount. [Losses subject to deductible code](#) is 03 and [basis of deductible calculation code](#) is 01.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**11. Massachusetts Benefits Claim and Aggregate Deductible Premium Credit (Small Deductible)**

Premium credits associated with the Massachusetts Benefits Claim and Aggregate Deductible Program are to be reported with class code 9664. The per claim/accident deductible amount and the aggregate deductible are to be reported in the header record in the claim deductible amount. [Losses subject to deductible code](#) is 03 and [basis of deductible calculation code](#) is ~~10~~01.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**12. Large Deductible Premium Credit**

Individual insurance companies must get approval from the Massachusetts Division of Insurance for permission to write large deductible policies. See the Massachusetts Division of Insurance website for requirements applicable to Workers' Compensation deductible policies ([211 CMR 115.00](#)).

Large deductible credits that apply after the application of the experience modification, are reported with the statistical class code 9663.

Large deductible credits that apply before the application of the experience modification, are reported with the statistical class code 9664.

**13. Premium Discount**

Code	Description
0063	Type A
0064	Type B

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**14. QLMP Credit**

Use statistical class code 9880 to report QLMP credit.

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- m. Plant Hospital Contributions: If the carrier furnished first aid equipment or contributes to the cost of plant hospitals maintained by the insured or pays the salaries, in whole or in part, of medical personnel or in any other way contributes to the cost of medical facilities maintained by the insured, report these amounts as medical.

If the carrier loans hospital equipment to the insured, 20% of the replacement costs new shall be treated as actual losses paid for each year during which such equipment is on loan and also shall be reported as medical.

- n. Clinical Medical: When a carrier maintains a medical clinic, the cost of each treatment given shall be charged against the individual risk in accordance with a fixed schedule or charges per treatment. The schedule of charges may distinguish between types of treatment, and shall apply without exception to all risks with cases treated by the clinic, and shall be frequently revised and adjusted if necessary so that the total charges for a given period will be equivalent to the total cost of maintaining the clinic, including salaries, rent, light, heat, depreciation of equipment, cost of supplies, etc.
- o. Expenses Included in Medical Losses  
Refer to [expenses included in indemnity losses](#).
- p. Expenses Excluded from Medical Losses  
Refer to [expenses excluded from indemnity losses](#).

**5. Paid Amounts**

Paid amounts are the amounts paid as of the valuation date. Paid amounts should be net of subrogation recovery received and special fund reimbursements received.

**6. Case Reserves**

Case Reserves are amounts set aside for expected payments on a specific claim as of the valuation date. Indemnity case reserves associated with fatal and permanent total injuries should be based on the annuity values contained in [Appendix III – Pension Tables](#).

**7. Reserve Discounting**

Losses should be reported at nominal (undiscounted) values with the exception of death and permanent total claims. Refer to Part I, [Section VIII – Pension Tables](#).

*Losses reported on the Aggregate Financial calls should be recorded using the same methods employed in preparing the Annual Statement with respect to reserve discounting.*

**8. Incurred But Not Reported (IBNR) Reserves**

Incurred But Not Reported (IBNR) Reserves are expected payments relating to insured events that have occurred but have not been reported to the carrier as of the valuation date **plus** reserves to reflect deficiencies in known case reserves.

**9. Case Incurred**

Case incurred is the sum of paid losses and case reserves.

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- c. sums designated for specific injuries or *disfigurements including payments to the state or special funds on individual claims*
- d. claimants' attorney fees
- e. vocational rehabilitation
- f. employer's liability losses and employer's liability expenses
- g. survivor benefits

➤ **Expenses Included in Indemnity Losses**

- **Employer's Liability Losses**

Employer's Liability losses including Allocated Loss Adjustment Expenses (ALAE) must be reported as part of the indemnity loss as appropriate. Employer's Liability ALAE represents the expenses of a carrier in connection with claim settlements, which can be directly allocated to a particular claim.

Employer's Liability ALAE should not be reported in the ALAE amount.

- **Impartial Medical Examinations by Industrial Board**

Filing fees paid by the carrier to fund impartial medical examinations pursuant to Section 11A of Chapter 152 of the [Massachusetts General Laws](#) are to be considered:

- An expense when the carrier prevails or
- A loss when the claimant prevails and the carrier reimburses the claimant's filing fees.

- **Awards**

When an award to a claimant includes the cost of witness fees, attorneys' fees, and other court costs or expert medical witness fees, the amount so awarded shall be considered as part of the cost of benefit and shall be included with the indemnity reported. Such costs include those incurred under Section 11A, 11B, 12A and 39 of Chapter 152, [Massachusetts General Laws](#).

With respect to claims brought by persons against whom an employee has brought a third party common law action, such special costs shall be reported as an indemnity loss whether or not recovery is made against the third party by the employee.

- **Vocational Rehabilitation**

Vocational rehabilitation is concerned with the prospect of returning an injured worker to gainful employment. Vocational rehabilitation concerns all activities performed when acquiring reemployment of a disabled person, such as evaluation, testing, training, job placement, schooling, job modification, and part-time employment.

Outside Vendor:

Vocational rehabilitation costs, including evaluation and testing, incurred due to the purchase of vocational rehabilitation services from outside vendors, must be reported as part of indemnity losses.

"Evaluation and testing expenses" are defined as costs incurred in testing and evaluating the claimant's ability, aptitude, or attitude in determining suitability for vocational rehabilitation or placement.

Carrier Personnel:

Vocational rehabilitation expenses for evaluation and testing resulting from the activities of carrier personnel (other than claims supervisors or claims adjusters engaged in efforts to return an injured worker to gainful employment) may be reported as indemnity incurred loss if carrier personnel engaged in these activities meet, at a minimum, qualifications established by the state having jurisdiction over the particular claim.

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e. USR and Aggregate Financial Reconciliation Report Format

USR and Aggregate Financial Reconciliation							
NAIC Carrier Group Code: <b>99999</b>							
NAIC Carrier Group Name: <b>ABC Insurance Group</b>							
Data Element: <b>Standard Premium (in \$000)</b>							
	Aggregate Financial		USR				
Policy Year (1)	Age (in months) (2)	Amount (3)	Age (in months) (4)	Amount (5)	Percentage Difference [(5)-(3)]/(5) (6)	Difference (5)-(3) (7)	Within Tolerance (8)
XXXX - 4	72	18,262	66	20,557	11.2%	2,295	N
XXXX - 3	60	22,415	54	22,804	1.7%	389	Y
XXXX - 2	48	20,572	42	21,501	4.3%	929	Y
XXXX - 1	36	21,927	30	22,556	2.8%	629	Y
XXXX	24	20,034	18	22,224	9.9%	2,190	N

The WCRIBMA will report to the ~~Massachusetts Division of Insurance~~-*DOI* all carrier groups with data falling outside allowable tolerances.

2. USR Manual Rate and Premium Reconciliation

a. Rationale

Manual rates reported in accordance with the instructions herein should **not** reflect any deviations or discounts from the WCRIBMA's filed and approved rates. The manual rates reported on unit statistical data should equal the WCRIBMA's filed and approved rates.

b. Comparisons

The latest five composite policy years will be reconciled by carrier group.

For this report, a composite policy year is the aggregation of all policies with effective dates between July 1 of one year and June 30 of the next year. For example, composite policy year 2003 includes all policies with effective dates from July 1, 2003 to June 30, 2004.

c. Data Tested

Rates for manual class codes submitted on unit statistical reports are compared to the WCRIBMA's filed and approved rates based on the USR reported rate effective, modification effective and policy effective dates.

Premiums for manual classes submitted on unit statistical reports are compared to a "calculated manual premium" which is based on the exposure reported on the USR and the WCRIBMA's filed and approved rate based on the USR reported rate effective.

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b. Comparisons

Call # 4 – Reconciliation Report, page 3 will be the basis for the report.

c. Data Tested

The specific data elements to be reviewed are:

- Policy Year Accumulated Earned Premium - Standard at Bureau DSR Level
- Policy Year Accumulated Earned Premium - Net Premium

d. Tolerances

Only carrier groups with an imbalance falling within the range of +/- \$100,000 are considered to be within tolerance. Note that the calculated imbalance is equal to line 24 from page 3 of the Call # 4 -Reconciliation Report.

In addition to carrier groups falling outside of the tolerances, any carrier group utilizing a “write-in” adjustment as part of the reconciliation will be included on the report made to the DOI.

e. Aggregate Financial Standard at Designated Statistical Rate Level Premium and Aggregate Financial Net Premium Reconciliation Report Format

<b>Aggregate Financial Standard Earned at Designated Statistical Rate Level Premium and Aggregate Net Premium Reconciliation</b>					
Calendar Year 2010					
Amount in Thousands					
NAIC Group Number	Aggregate Financial Std EP @ DSR	Aggregate Financial Net Earned Premium	Listed	Write In	Imbalance (2)+(4)+(5)-(3)
(1)	(2)	(3)	(4)	(5)	(6)
88888	225,000	205,000	20,000	189,000	172,000

*The WCRIBMA will report to the DOI all carrier groups with data falling outside allowable tolerances.*

4. Aggregate Financial and Annual Statement Reconciliation

a. Rationale

Comparisons made between Aggregate Financial Data and data submitted on Annual Statements help to monitor consistency in reporting. Calendar year premium and loss information can be calculated using the policy year data submitted on the Aggregate Financial Data calls which can then be compared to Statutory Page 14 of the Annual Statement.

b. Comparisons

Call # 4 – Reconciliation Report, page 3 will be the basis for the report.

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c. Data Tested

The specific data elements to be reviewed are:

- Direct Earned Premium
- Incurred Losses

d. Tolerances

Only carrier groups with an imbalance falling within the range of +/- \$100,000 are considered to be within tolerance. Note that the calculated imbalance for direct earned premium is equal to line 22 from page 1 of the Reconciliation Report call and that the calculated imbalance for incurred losses is equal to line 19 from page 2 of the Call # 4 - Reconciliation Report.

In addition to carrier groups falling outside of the tolerances, any carrier group utilizing a “write-in” adjustment as part of the reconciliation will be included on the report made to the DOI.

e. Aggregate Financial and Annual Statement Reconciliation Report Format

<b>Aggregate Financial and Annual Statement Reconciliation</b>					
Calendar Year 2010					
Amounts in Thousands					
Data Element: <b>Direct Earned Premium</b>					
NAIC Group Number (1)	Aggregate Financial Earned Premium (2)	Annual Statement Earned Premium (3)	Listed (4)	Write In (5)	Imbalance (2)+(4)+(5)-(3) (6)
88888	144,000	142,200	1,800	1,500	(200)

*The WCRIBMA will report to the DOI all carrier groups with data falling outside allowable tolerances.*

**B. Routine Reviews by the WCRIBMA (Targeted AUP)**

1. The WCRIBMA will review the data submitted by each of the carrier groups. If the WCRIBMA identifies any anomalies or questionable patterns in the data submitted, WCRIBMA staff will work with the carrier group to obtain corrections or valid explanations of the anomalous or questionable data. During this process, the carrier group may be subject to fines under the provisions of the Statistical Plan's Data Quality Compliance Programs. A carrier group's questionable data must be resolved to the WCRIBMA's satisfaction within the timetable prescribed in [Part II, Section II – Aggregate Financial Reporting Timetable](#). Any questionable patterns that might reasonably be expected to affect the suitability of the data for use in ratemaking will be reported to the DOI in accordance with the timetable prescribed in [Part II, Section II – Aggregate Financial Reporting Timetable](#).

Whenever issues relating to a carrier group's questionable data, that are deemed to be of material significance to the DOI or the WCRIBMA, are not resolved to the WCRIBMA's or DOI's satisfaction,