



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

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**CIRCULAR LETTER NO. 1842**

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

**Revisions to the Massachusetts Workers' Compensation Unit Statistical Plan**

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The Commissioner of Insurance has recently approved revisions to the Massachusetts Workers' Compensation Unit Statistical Plan. These amendments change reporting criteria for Massachusetts's Benefits Claim and Aggregate Deductible Programs and adds statistical class codes for several premium adjustment programs.

Briefly the changes are:

- To make the reporting of all deductible experience consistent by implementing deductible type and deductible claim amount for statistical reporting of the Massachusetts Benefits Claim Deductible Program.
- To provide distinct statistical class codes for the reporting of premium adjustments due to Schedule Rating Plans, Managed Care Arrangements, Rate Deviations not subject to experience rating, and other independently filed carrier programs.

It should be noted that changes to the deductible reporting is mandatory for policies effective January 1, 1999 and the new statistical codes are mandatory for policies effective January 1, 2000. However, the Bureau will allow carriers to optionally report these changes for policies effective January 1, 1997.

Included in this package are revised pages to the Massachusetts Workers' Compensation Unit Statistical Plan, and the filing summaries.

If there are any questions or comments, please contact the undersigned at extension 567 or Christopher Yergeau at extension 575.

SHEILA ANNIS  
Assistant Vice President  
& Bureau Statistician

**Checklist of Changes to The Massachusetts Workers Compensation Unit Statistical Plan**

Section	Page(s)	Reason for Update
Section IV	Page 2	To make the reporting of all deductible experience consistent by implementing deductible type and deductible claim amount for statistical reporting of the Massachusetts Benefits Claim Deductible Program.
Section IV	Page 6-7	Adds statistical class codes 9721-9724 for independently filed carrier programs and statistical class code 9874 for managed care arrangement premium credit.
Section IV	Page 10-11	Adds a statistical class code 9034 for rate deviations applied after experience modification and statistical class codes 9887 and 0887 for Scheduled Rating Plans.
Section IV	Page 13-14	Updates table of numeric list of statistical classes to include statistical class codes 0887, 9034, 9721, 9722, 9723, and 9724.
Section IV	Page 13	Change the phraseology for class code 9037 to show Rate Deviation – Subject to Experience Rating. Also change the phraseology for class code 9663 to show Deductible Experience – Not Experience Rated.
Section IV	Page 15	Update tables for numeric list of statistical classes to include statistical class codes 9874 and 9887
Section IV	Pages 1-15	Repagination
Section VI	Page 6	Add statistical class codes 9721, 9723, and 0887 to Item 7. Total Subject Premium. These statistical classes are subject to experience rating.
Section VI	Page 9	Add statistical class codes 9034, 9722, and 9724 to Item 11. Total Standard Premium. These statistical classes are not subject to experience rating.
Section VI	Page 9	Add statistical class codes 9874, 9887 to Item 11. Total Standard Premium. These statistical classes are not include in total standard premium.
Section VI	Page 9	Change the phraseology for statistical class code 9663 to Deductible Experience – Not Experience Rated
Section VI	Page 1-10	Repagination
Section VII	Page 14	Remove reference that “Medical only claims may be coded to the governing classification when using the claim grouping reporting option”.

# REVISIONS TO THE MASSACHUSETTS WORKERS' COMPENSATION UNIT STATISTICAL PLAN

**Optional January 1, 1997**  
**Mandatory January 1, 1999**

**Circular No. 1842**

## **Change in Reporting for the Massachusetts Benefits Claim Deductible Program**

### **Background**

On the January 1, 1993 implementation of the Massachusetts Benefits Claim Deductible Program statistical class codes were assigned for the reporting of the premium credit. The class codes also indicate the deductible amount and identify deductible provisions on the policy.

The Massachusetts Benefits Claim and Aggregate Deductible Program was implemented on January 1, 1997. This second program provided for a aggregate or policy limit option for the Massachusetts small deductible programs. Deductible Type, Deductible Percent, Deductible Claim Amount and Deductible Amount Aggregate are used to report the new program, since the aggregate program was implemented after the expansion of the unit statistical report, which added these deductible elements. The reporting requirements of the Benefits Claim and Aggregate Program follow the reporting for independently filed large deductible programs.

The result is that carriers must report policies with small claim and aggregate deductible plans differently than policies with small claim deductible programs.

### **Purpose**

This proposal will make the reporting requirements of all deductible experience consistent by implementing Deductible Type and Deductible Claim Amount for the statistical reporting of the Massachusetts Benefits Claim Deductible Program. These data elements are already in use for the reporting of both large deductible and Massachusetts Benefit Claim and Aggregate Deductible Program experience.

### **Proposal**

Policies with provisions under the Massachusetts Benefits Claim Deductible Program will be reported with deductible type 31(hardcopy) or 0301(electronic), and the appropriate deductible amount in the claim deductible amount field. The premium credit is reported using statistical class code 9663.

Discontinue the class codes 9784 through 9788 for policies effective January 1, 2000.

### **Implementation**

To accommodate carriers who are currently using the expanded deductible data elements the Bureau is prepared to immediately accept the expanded coding for Massachusetts Benefit Claim Deductible Program. However, the Bureau will also continue to accept the premium reduction credit class codes 9784 through 9788 under the Massachusetts Benefits Claim Deductible Program for unit statistical reports having effective dates through December 31, 1999.

The expanded data elements and class 9663 are mandatory reporting for policies effective January 01, 1999. These policies are valued in July of 2000 and reported in September of 2000.

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**Additional Statistical Class Codes for Premium Adjustments**

**Background**

Over the past several years many carriers have filed and implemented various premium reduction programs. Currently only the rate deviation class code 9037 is available for the reporting of premium adjustments for all of the carrier filed programs.

The single code is problematic for data providers since carriers need to distinguish and separate programs for internal evaluation while eventually aggregating the premium reduction for statistical reporting purposes.

The carrier filings for scheduled rating plans require reporting of actuarial material that would be facilitated by separate statistical codes for the scheduled rating plans.

Some types of carrier plans such as managed care and scheduled rating have become so widespread and therefore require separate coding to allow monitoring of the programs for data quality concerns and the impact on rate determination.

**Purpose**

To provide distinct statistical class codes for the reporting of premium adjustments due to:

- Scheduled Rating Plans
- Managed Care Arrangements
- Rate deviations not subject to experience rating
- Other independently filed carrier programs.

**Proposal**

The following class codes and reporting instructions will be added to section IV of the Massachusetts Workers Compensation Unit Statistical Plan.

<u>Class Code</u>	<u>Description</u>
9034	Rate Deviation Credit – Applied After Modification
9721	Carrier Filed Premium Credit –Applied Before Modification
9722	Carrier Filed Premium Credit- Applied After Modification
9723	Carrier Filed Premium Debit- Applied Before Modification
9724	Carrier Filed Premium Debit –Applied After Modification
9874	Managed Care Premium Credit
9887	Premium Credit for Scheduled Rating Plan – Applied after Modification
0887	Premium Credit for Scheduled Rating Plan – Applied before Modification

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## **Implementation**

The reporting of the distinct statistical class codes for managed care, scheduled rating, and carrier filed programs will be mandatory with policies effective January 1, 2000. The first statistical reports for the January 2000 data are due in September of 2001.

Optionally, carriers may commence reporting the new statistical codes at any time after approval of the statistical plan revision.

## **Revision to the November 12, 1999 Filing**

The filing is revised March 3, 2000 to clarify and add language as follows:

- Page 6 Item 11a is changed from “Premium credits from independently file large deductible, managed care and scheduled rating programs are to be reported using the specific codes found in this section. Refer to items 5, 13, and 21” to “The statistical class codes for independently filed carrier programs (here in item 11) are NEVER to be used to report premium credits due to independently filed large deductible programs, managed care, or scheduled rating programs. The appropriate codes for these programs are found in items 5, 13, and 21 of this section.”
- Managed Care Arrangement Premium Credit is taken out of standard premium.
- Instructions are added to ensure that any premium credits for medical arrangements under a Scheduled Rating Plan are coded using the Scheduled Rating Plan codes not the Managed Care code.

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SECTION IV – STATISTICAL CLASSES

A. Alphabetical List of Statistical Classes

Premium charges or credits and the corresponding losses are reported with statistical class codes. The codes and appropriate characteristics are listed first alphabetically by program name. Refer to IV, Part B for a numeric list of the statistical codes.

1. Adjustment to Premium Due from Flat Increases Code 0998 or Decreases Code 0994

If a rate adjustment or law amendment results in a flat increase in earned premium on outstanding policies, report the premium increase with class code 0998. If a corresponding situation results in a rate decrease, report the premium credit with class code 0994. Carriers will be advised at the appropriate time to use these codes.

The premium associated with class code 0994 is assumed to be a negative. Both the increase and credit are subject to experience rating modification and a component of standard premium. Losses can not be coded to class codes 0994 and 0998. Both classes 0994 and 0998 are reported above line A on the hard copy form.

2. Aircraft Operation-Passenger Seat-Code 0088

Class code 0088 is used to report the passenger seat premium surcharge associated with aircraft operations and the losses to employees other than members of the flying crew. Class 0088 must be reported in conjunction with class code 7421 aircraft-transport employees. Exposure basis is number of seats.

The surcharge is subject to experience rating modifications, and is a component of standard premium. Class code 0088 is reported above line A on the hard copy unit form.

3. All Risk Adjustment Program-Code 0277

The premium surcharge resulting from the All Risk Adjustment Program is to be reported with class code 0277. The ARAP premium is not subject to experience rating and is not added into the standard premium total. Class 0277 is reported on lines J, K, or L on the hard copy unit form. Losses can not be coded to class code 0277.

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4. Construction Classification Premium Adjustment Program-Code 9046

The premium credit resulting from the Construction Classification Premium Adjustment Program is to be reported with class code 9046. This premium credit is assumed to be a negative. The construction credit is not subject to experience rating, but is a component of standard premium. Class 9046 is reported on lines D, E, or F on the hard copy unit. Losses can not be coded to class code 9046.

5. Policies with Deductible-Class Codes [REDACTED] 9663 and 9664

a. Small Deductible programs

i. *Massachusetts Benefits Claim Deductible Program*

Premium credits associated with the Massachusetts Benefits Deductible Program [REDACTED] are to be reported with class code 9663. *The deductible amount (500, 1,000, 2,000, 2,500 or 5,000) is to be reported in the header record in the claim deductible amount. The deductible type is 31 (hard copy) or 0301 (electronic).*

ii. *Massachusetts Benefits Claim and Aggregate Deductible Program*

*Premium credits associated with the Massachusetts Benefits Claim and Aggregate Deductible Program are to be reported with class code 9663. The deductible amount of \$2,500 is to be reported in the header record in the claim deductible amount. When the aggregate deductible amount is \$10,000, it is reported in the deductible amount aggregate and the deductible type is 39 (hardcopy) or 0309 (electronic). If the aggregate deductible amount is five percent of the estimated annual premium, report 5 in the deductible percent field and nothing in the aggregate amount field. The deductible type is 35 (hardcopy) or 0305 (electronic).*

Small deductible premium credits are not subject to experience rating and are not a component of standard premium. Class Code 9663 is reported on lines J, K, and L of the hard copy form.

b. Large Deductible programs

i. Not subject to experience rating

The reduction in premium, prior to reimbursements, due to deductible programs where the reduction is not subject to experience rating, is reported with the statistical class code 9663.

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The amount reported with class code 9663, large deductible programs not subject to experience rating, is not a component of standard premium. Class code 9663 is reported on lines J, K, or L of the hard copy format.

ii. Subject to experience rating

The reduction in premium, prior to reimbursements, due to deductible programs, where the reduction is subject to experience rating, is reported with the statistical class code 9664.

The amount reported with class code 9664 is a component in standard premium. Class code 9664 is reported above line A on the hard copy form.

- c. All losses for claims incurred on a deductible policy are reported on a gross (first dollar) basis. The loss amounts are not reduced by employer reimbursement. Losses are coded to the manual classes.
- d. The reduction in premium, prior to reimbursement is assumed to be a negative.
- e. Losses can not be coded to class codes           , 9663 and 9664.

6. Premium Discount-Class Codes 0063-0064

- a. Prior to May 1, 1996 the premium discount credit derived from a stock discount is reported with class code 0063. The premium discount derived from the non-stock discount is reported with class code 0064.
- b. Effective May 1, 1996 the premium discount credit derived from type A discount selection is reported with class code 0063. The premium discount derived from type B discount selection is reported with class code 0064.
- c. The discount credit is assumed to be a negative.
- d. Premium discount is not subject to experience rating, and is not a component of standard premium. The hard copy form contains an area for premium discount on line H.
- e. The last digit of the class code must be entered in the class column (the 006 is preprinted). The premium discount credit is entered in the premium column.
- f. Losses can not be coded to class codes 0063 or 0064.

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7. Disease Classes-Codes 0059, 0065, 0066, 0067, 0133 and 0179
- a. The premium for supplementary disease rates and any resulting losses are reported as follows:

<u>Code</u>	<u>Description</u>
0059	Occupational Disease-Abrasive/Sand Blast
0065	Occupational Disease-Steel
0066	Occupational Disease-Non-Ferrous Metals
0067	Occupational Disease-Iron
0133	Occupational Disease-Asbestos Exposure
0179	Occupational Disease-Not Otherwise Classified
  - b. In Massachusetts the disease obligation of the employer comes under the Workers' Compensation Act and the Manual Rates include provision for disease coverage.
  - c. The exposure, rates, and premium reported on the manual classification shall include the unmodified authorized rates and corresponding premium for complete coverage under both coverage A and coverage B of the policy including coverage for Diseases.
  - d. Disease losses shall be identified in the "type of loss" code for disease loss.
  - e. The payroll to which the supplementary disease rate is applicable, shown in the parenthesis on the hard copy form, and is not added into the standard exposure total.
  - f. The disease rate classes are subject to experience rating, and are a component of standard premium.
  - g. The disease rate classes are reported above line A on the hard copy form.
8. Employers' Liability-Increased Limits-Class Codes 9845, 9803 through 9816, 9848, 9817 through 9822, 9840 and 9849
- a. The premium charge for increased employers' liability limits on standard coverage is reported with the class code appropriate to the limits.

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<u>Code</u>	<u>Limits (000 Omitted) per accident each accident/ per disease each employee/ per disease each policy</u>
9845	\$ 100/100/500
9803	\$ 100/100/1,000
9804	\$ 100/100/2,500
9805	\$ 100/100/5,000
9806	\$ 100/100/10,000
9807	\$ 500/500/500
9808	\$ 500/500/1,000
9809	\$ 500/500/2,500
9810	\$ 500/500/5,000
9811	\$ 500/500/10,000
9812	\$ 1,000/1,000/1,000
9813	\$ 1,000/1,000/2,500
9814	\$ 1,000/1,000/5,000
9815	\$ 1,000/1,000/10,000
9816	\$ 1,000/1,000/10,000
9848	Over Increased Limits, additional premium to balance to minimum premium.

- b. The premium charge for increased employers' liability limits for admiralty and/or FELA are:

<u>Code</u>	<u>Upper limit is no more than</u>
9817	\$ 50,000
9818	\$ 100,000
9819	\$ 200,000
9820	\$ 300,000
9821	\$ 400,000
9822	\$ 500,000
9840	all other
9849	Increased Limits, additional premium to balance to minimum.

- c. The employers' liability increased limits codes are subject to experience rating and are a component of standard premium.
- d. Losses can not be assigned to class codes 9803-9822, 9840, 9845, 9848 or 9849.
- e. The employers' liability increased limits codes are reported above line A.

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9. Expense Constant-Class Code 0900

The policy charge (expense constant) is reported with class code 0900. The expense constant is not subject to experience rating, and is not a component of standard premium. The expense constant is reported on line I which has class 0900 preprinted in the class column. Losses can not be coded to 0900.

10. Formerly Self-Insureds-Class Codes 9129 and 9136

A policy for a risk which was formerly self-insured and is now insured by a standard workers' compensation policy is subject to both an insurance charge and a rating plan deposit.

a. The insurance charge is to be reported with class code 9136. The insurance charge for formerly self-insureds is not subject to experience rating, and is not added into standard premium. Code 9136 is reported on lines J, K, and L on the hard copy form.

b. The formerly self-insured rating plan deposit is reported with class code 9129. If any of the deposit is returned to the insured, then a correction to the first report must be submitted adjusting the rating plan deposit to the amount retained by the carrier. This adjustment can be made no sooner than thirty (30) months after the coverage expiration date. All claims must be closed and all incurred losses finalized prior to the submission of the adjustment. The formerly self-insured rating plan deposit is not subject to experience rating, and is not added into standard premium. Code 9129 is reported on lines J, K, and L on the hard copy form.

c. Losses can not be coded to class codes 9129 and 9136.

11. *Independently filed Carrier Program Premium Adjustments*

a. *The statistical class codes for independently filed carrier programs (here in item 11) are **NEVER** to be used to report premium credits due to independently filed large deductible programs, managed care, or scheduled rating programs. The appropriate codes for these programs are found in items 5, 13, and 21 of this section.*

b. *Four statistical codes have been established for independent carrier filings of credit/debit programs.*

i. *9721 - Independent Carrier Filing - Premium credit applied before modification*

ii. *9722 - Independent Carrier Filing - Premium credit applied after modification*

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- iii. *9723 - Independent Carrier Filing - Premium debit applied before modification*
- iv. *9724 - Independent Carrier Filing - Premium debit applied after modification*
- c. *Before reporting any of the independent carrier filing codes, notification of the program must be provided to the bureau's Data Quality Service Department.*
- d. *Carrier filed premium adjustments before modification are subject to modification and are components of standard premium. Codes 9721 and 9723 are reported above line A.*
- e. *Carrier filed premium adjustments after modification are components of standard premium. Codes 9722 and 9724 are reported on lines D, E, or F.*
- f. *Losses can not be coded to class codes 9721, 9722, 9723, or 9724.*

12. Loss Constant-Code 0032

The loss constant charge is reported with class code 0032. Loss constant is not subject to experience rating. Loss constant is a component of the standard premium total. class code 0032 is reported on lines D, E, or F on the hard copy form. Losses can not be coded to class 0032.

13. Managed Care Arrangement Premium Credit-Class Code 9874

*The premium credit associated with a managed care program is to be reported with class code 9874. The credit is assumed to be a negative value. The managed care premium credit is not subject to experience rating, and is not a component of standard premium. Class 9874 is reported on lines J, K, or L on the hard copy form. Losses can not be coded to class 9874.*

*The premium credit due to any medical care arrangement or provision under a Scheduled Rating Plan is reported combined with the other credits from the Scheduled Rating Plan (codes 9887 or 0887). Refer to item 21 in this section. The class for Managed Care Arrangement premium credits is NOT used when the medical arrangement is associated with or part of a Scheduled Rating.*

14. Merit Rating-Class Codes 9885 and 9886

- a. The premium credit due to a merit rating is reported with class code 9885. Merit rating replaces experience rating. The merit rating credit is subtracted from standard premium. The merit rating credit is assumed to be a negative value. Class code 9885 is reported on lines D, E, and F on the hard copy from.

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- b. The premium debit due to a merit rating is reported with class code 9886. The merit rating replaces experience rating. The merit rating debit is added into the standard premium total. Class code 9886 is reported on lines D, E, and F on the hard copy form.
- c. Losses are not to be coded to class codes 9885 or 9886.
- d. The merit rating factors must not be expressed as an experience rating factor.

**15. Minimum Premium-Class Code 0990**

The premium required to bring the policy premium to minimum is reported with class code 0990. The exposure, manual, and modified premium that result from the extension of the exposure must be reported. Class code 0990 is used to report the difference between the policy minimum and the premium resulting from the extension of exposure. The loss constant, expense constant, and employers' liability premium must be reported separately and not included in premium amount reported with class 0990. Code 0990 is not subject to experience rating, but is a component of standard premium. Losses must not be coded to class 0990. Class 0990 is reported on lines D, E, and F on the hard copy form.

**16. No-Massachusetts Exposure-Code 1111**

When a policy was issued either on an "if any" basis, or as a multi-state policy, and upon audit it is determined that Massachusetts exposure did not develop on such policy, the first report unit is submitted with a single exposure record employing class code 1111. There are no corresponding exposure totals, or losses for this class code. Class Code 1111 is a device to notify the Bureau of a zero exposure situation for Massachusetts. Class code 1111 is reported above line A.

**17. Non-Ratable Elements-Class Codes 0770, 0773, 0774, 0775, 0776, 0779, 0799, 7445 and 7453**

Some classifications require a non-ratable element which is reported with a statistical class code and the rate and premium of the non-ratable element. Non-ratable element class codes must only be reported in conjunction with the corresponding basic classification ratable classes. The payroll for each of the paired classes must be equal. The exposure reported with the non-ratable element is not added into the total standard exposure. However, the exposure reported on the basic manual classification is added into the total standard exposure.

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The non-ratable elements and corresponding ratable elements are as follows:

Non-Ratable Element	Basic Classification	Phraseology
0770	4770	Bag Loading Explosives or Ammo Mfg. and Drivers
0773	4773	High Explosive Mfg. and Drivers
0774	4774	Smokeless Powder-1 Base and Drivers
0775	4775	Explosives or Ammo Base Loading
0776	4776	Projective, Bomb, etc., Loading and Drivers
0779	4779	Cap, Fuse, etc., Explosive or Ammo Mfg. and Drivers
0799	4799	Black Powder, Mfg. and Drivers
7445	7405	Air Carrier-Other Flying Crew
7453	7431	Air Carrier, Commuter Flying Crew

The non-ratable elements are not subject to experience rating, but are a component of standard premium. Losses must be coded to the basic classifications corresponding to non-ratable elements. The non-ratable elements class codes are reported on lines D, E, and F on the hard copy form.

**18. Qualified Loss Management Program Premium Credit-Class Code 9880**

The premium credit associated with the Qualified Loss Management Program is to be reported with class code 9880. The credit is assumed to be a negative value. The QLMP credit is not subject to experience rating, and is not a component of standard premium. Class 9880 is reported on lines J, K, and L on the hard copy form. Losses can not be coded to class 9880.

**19. Radiation Exposure-Class Codes 9984 and 9985**

**a. Radiation Exposure-Government Atomic Energy Projects-Code 9984**

Experience both premium and loss in connection with atomic energy projects performed for or under the direction of any government agency shall be reported under this plan. Code 9984 used in connection with the above type of projects. Experience under government agency atomic energy projects is not subject to experience rating, and is not a component of a standard premium. Class code 9984 is reported on lines J, K, and L on the hard copy form.

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b. Other Than Government Agency Atomic Energy Projects-Code 9985

The Basic Manual provides that a supplemental rate, subject to the approval of the Bureau, may be applied to operations involving research, manufacturing, handling, transportation, use of, exposure to radioactive materials, where such operations are not performed for or under the direction of a government agency. The exposure to which such supplemental rates are applicable together with the premium derived from such charge shall be reported under code 9985. The exposure reported for code 9985 shall be shown in parenthesis and shall not be added to the exposures shown for other manual classifications in determining standard exposure total. Similarly radiation losses on risk where supplemental loading has been applied shall be assigned to code 9985. If no supplemental radiation loading has been applied to the risk, all losses shall be assigned to the appropriate industrial classifications. Experience under other government agency atomic energy project is not subject to experience rating and not a component of standard premium. Class code 9985 is reported on lines J, K, and L on the hard copy form.

**20. Rate Deviation Credit-Code 9037 and 9034**

a. Any company that has received approval from the Department of Insurance for a downward rate deviation, must report the premium credit due to any deviation with *either* class code 9037 *or* code 9034.

*i. Class 9037 is used to report rate deviations that are applied before the experience rating modification. Class 9037 is reported above line A.*

*ii. Class 9034 is used to report rate deviations that are applied after the experience rating modification. Class 9034 is reported on lines D, E, or F.*

*b. Rate deviation classes 9037 and 9034 are assumed to be negative values.*

*c. Rate deviation credits are components of standard premium.*

*d. Losses must not be coded to either 9034 or 9037.*

**21. Scheduled Rating Plans-Codes 9887 and 0887**

*a. Premium credits associated with scheduled rating plans that are not subject to experience rating are to be reported with class code 9887. The credit is assumed to be a negative value. Class 9887 is not a component of standard premium and is reported on lines J, K, or L.*

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- b. Premium credits associated with scheduled rating plans that are subject to experience rating are to be reported with class code 0887. The credit is assumed to be a negative value. Class 0887 is reported above line A, and is a component of standard premium.*
- c. Losses are not to be coded to class 9887 or 0887.*
- d. Premium credits for medical facilities or care management defined in the Scheduled Rating Plan are to be reported with either class 9887 or 0887 and not the class specified for managed care programs.*

22. Short Rate Penalty Premium-Code 0931

The penalty premium which results from a short rate cancellation is reported with class code 0931. The short rate penalty premium is subject to experience rating, and is a component of standard premium. Class code 0931 is reported above line A on the hard copy forms. Losses can not be reported with class code 0931.

23. Strike Duty-Code 0111

The strike duty premium and loss is reported with class code 0111. Code 0111 must be reported in conjunction with class 7720, Detective or Patrol agencies. The strike duty premium is subject to experience rating, and is a component of standard premium. Exposure basis is the number of days. Losses can be coded to class 0111. Class 0111 is reported above line A on the hard copy unit report.

24. Waiver of Subrogation-Code 0930

The premium charge under the waiver of the carriers' right to recover from others endorsement is reported with class code 0930. The additional premium charged for waiver of subrogation is subject to experience rating, and is a component of standard premium. Class code 0930 is reported above line A on the hard copy form. Losses can not be coded to class code 0930.

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**B. Numeric List of Statistical Classes**

Class	Phraseology	Assumed to be a Positive Value	Subject to Experience Mod.	Is the Premium added into the Standard Premium Total	How is the Exposure Expressed	Can Losses be Coded to this Class
0032	Loss Constant	Yes	No	Yes	Blank	No
0059	Occupational Disease-Abrasive/Sand Blast	Yes	Yes	Yes	Limited	Yes
0063	Stock/Type A Premium Discount	No	No	No	Blank	No
0064	Non-Stock/Type B Premium Discount	No	No	No	Blank	No
0065	Occupational Disease-Steel	Yes	Yes	Yes	Limited	Yes
0066	Occupational Disease-Non Ferrous Metals	Yes	Yes	Yes	Limited	Yes
0067	Occupational Disease-Iron	Yes	Yes	Yes	Limited	Yes
0088	Aircraft Surcharge	Yes	Yes	Yes	Seats	Yes
0111	Strike Duty	Yes	Yes	Yes	Days	Yes
0133	Occupational Disease-Asbestos Exposure	Yes	Yes	Yes	Limited	Yes
0179	Occupational Disease-Not Otherwise Classified	Yes	Yes	Yes	Limited	Yes
0277	All Risk Adjustment Program	Yes	No	No	Blank	No
0770	Non Ratable Element-Bag Loading Explosive or Ammo MFG.-& DR-NR	Yes	No	Yes	Limited	No
0773	Non Ratable Element-High Explosive MFG. & DR-NR	Yes	No	Yes	Limited	No
0774	Non Ratable Element-Smokeless Powder MFG.-1 Base & DR-NR	Yes	No	Yes	Limited	No
0775	Non Ratable Element-Explosives or Ammo Case Loading & DR-NR	Yes	No	Yes	Limited	No
0776	Non Ratable Element-Projectile Bomb ETC. Loading & DR-NR	Yes	No	Yes	Limited	No
0779	Non Ratable Element-Cap Fuse Etc. Explosive or Ammo MFG. & DR-NR	Yes	No	Yes	Limited	No

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Class	Phraseology	Assumed to be a Positive Value	Subject to Experience Mod.	Is the Premium added into the Standard Premium Total	How is the Exposure Expressed	Can Losses be Coded to this Class
0799	Non Ratable Element-Black Powder MFG. & DR-NR	Yes	No	Yes	Limited	No
0887	<i>Premium Credit for Scheduled Rating Plan-Subject to Experience Rating</i>	No	Yes	Yes	Blank	No
0900	Expense Constant	Yes	No	No	Blank	No
0930	Additional Premium-Waiver of Subrogation	Yes	Yes	Yes	Blank	No
0931	Short Rate Penalty Premium	Yes	Yes	Yes	Blank	No
0990	Risk Minimum Premium	Yes	No	Yes	Blank	No
0994	Premium Resulting from Law Decrease	No	Yes	Yes	Blank	No
0998	Premium Resulting from Law Increase	Yes	Yes	Yes	Blank	No
1111	No Massachusetts Exposure	Must be Zero	No	No	Blank	No
7445	Non Ratable Element-Air Carrier-Other Flying Crew-NR	Yes	No	Yes	Limited	No
7453	Non Ratable Element-Air Carrier-Commuter Flying Crew-NR	Yes	No	Yes	Limited	No
9034	<i>Rate Deviation-Not Subject to Experience Rating</i>	No	No	Yes	Blank	No
9037	<i>Rate Deviation-Subject to Experience Rating</i>	No	Yes	Yes	Blank	No
9046	Construction Class Premium Adjustment	No	No	Yes	Blank	No
9129	Former Self-Insured Rating Plan Deposit	Yes	No	No	Blank	No
9136	Former Self-Insured Insurance Charge	Yes	No	No	Blank	No
9663	<i>Deductible Experience -Not Experience Rated</i>	No	No	No	Blank	No
9664	Large Deductible-Experience Rated	No	Yes	Yes	Blank	No
9721	<i>Carrier Filed Premium Credit-Subject to Experience Rating</i>	No	Yes	Yes	Blank	No
9722	<i>Carrier Filed Premium Credit-Not Subject to Experience Rating</i>	No	No	Yes	Blank	No
9723	<i>Carrier Filed Premium Debit-Subject to Experience Rating</i>	Yes	Yes	Yes	Blank	No

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Class	Phraseology	Assumed to be a Positive Value	Subject to Experience Mod.	Is the Premium added into the Standard Premium Total	How is the Exposure Expressed	Can Losses be Coded to this Class
9724	<i>Carrier Filed Premium Debit- Not Subject to Experience Rating</i>	Yes	No	Yes	Blank	No
9803	Employers Liability 100/100/1,000	Yes	Yes	Yes	Blank	No
9804	Employers Liability 100/100/2,500	Yes	Yes	Yes	Blank	No
9805	Employers Liability 100/100/5,000	Yes	Yes	Yes	Blank	No
9806	Employers Liability 100/100/10,000	Yes	Yes	Yes	Blank	No
9807	Employers Liability 500/500/500	Yes	Yes	Yes	Blank	No
9808	Employers Liability 500/500/1,000	Yes	Yes	Yes	Blank	No
9809	Employers Liability 500/500/2,500	Yes	Yes	Yes	Blank	No
9810	Employers Liability 500/500/5,000	Yes	Yes	Yes	Blank	No
9811	Employers Liability 500/500/10,000	Yes	Yes	Yes	Blank	No
9812	Employers Liability 1,000/1,000/1,000	Yes	Yes	Yes	Blank	No
9813	Employers Liability 1,000/1,000/2,500	Yes	Yes	Yes	Blank	No
9814	Employers Liability 1,000/1,000/5,000	Yes	Yes	Yes	Blank	No
9815	Employers Liability 1,000/1,000/10,000	Yes	Yes	Yes	Blank	No
9816	Employers Liability Over 1,000/1,000/10,000	Yes	Yes	Yes	Blank	No
9817	Employers Liability for Admiralty or Fela 50,000	Yes	Yes	Yes	Blank	No
9818	Employers Liability for Admiralty or Fela 100,000	Yes	Yes	Yes	Blank	No
9819	Employers Liability for Admiralty or Fela 200,000	Yes	Yes	Yes	Blank	No
9820	Employers Liability for Admiralty or Fela 300,000	Yes	Yes	Yes	Blank	No

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9821	Employers Liability for Admiralty or Fela 400,000	Yes	Yes	Yes	Blank	No
9822	Employers Liability for Admiralty or Fela 500,000	Yes	Yes	Yes	Blank	No
9840	Employers Liability/Fela Over 500,000	Yes	Yes	Yes	Blank	No
9845	Employers Liability 100/100/500	Yes	Yes	Yes	Blank	No
9848	Employers Liability Minimum Premium	Yes	Yes	Yes	Blank	No
9849	Employers Liability Admiralty/Fela Balance Minimum	Yes	Yes	Yes	Blank	No
<b>9874</b>	<b><i>MCO Credit</i></b>	<b><i>No</i></b>	<b><i>No</i></b>	<b><i>No</i></b>	<b><i>Blank</i></b>	<b><i>No</i></b>
9880	Qualified Loss Management Program Credit	No	No	No	Blank	No
9885	Merit Rating Credit	No	No	Yes	Blank	No
9886	Merit Rating Debit	Yes	No	Yes	Blank	No
<b>9887</b>	<b><i>Premium Credit for Scheduled Rating Plan-Not Subject to Experience Rating</i></b>	<b><i>No</i></b>	<b><i>No</i></b>	<b><i>No</i></b>	<b><i>Blank</i></b>	<b><i>No</i></b>
9984	Atomic Energy-Government Projects	Yes	No	No	Payroll	Yes
9985	Radiation-Atomic Energy-Other Than Government Projects	Yes	No	No	Limited	Yes

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SECTION VI - EXPOSURE PREMIUM DATA

The exposure data elements are used to report the class, coverage, exposure, premium and manual rate, that correspond to the earned policy premium.

1. Update Type (Upd. Type)

- a. Characteristic: Alphabetic
- b. Length: 1
- c. Definition: Code that identifies purpose of a correction record within a unit.
- d. Requirement: Report the one digit alphabetic code that identifies the activity of the exposure record on all correction reports.

The preferred coding will be:

<u>Code</u>	<u>Description</u>
A	Add Record
C	Change Record
D	Delete Record

Also acceptable is the current coding which is as follows:

<u>Code</u>	<u>Description</u>
P	Previously Reported Record
R	Revised Record

The Massachusetts Bureau will pair "P" and "R" records to process as a change to previously submitted data. Unpaired Previous and Revised records will be processed as a Ddelete from previously reported data, and Add to reported data.

Each carrier will be required to select and employ one set of codes.

Update type is not reported on first report units. (Report 1, Correction Number 0) but it is required on all subsequents and corrections.

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2. Exposure Coverage Act (Exp. Cov.)

- a. Characteristic: Numeric
- b. Length: 2
- c. Definition: The type of coverage is associated with the manual class code, and distinguishes between state and federal coverage.
- d. Requirement: 

<u>Code</u>	<u>Description</u>
01	State Act
02	USL&H "F" or USL&H coverage on Non "F" Classes

3. Class Code

- a. Characteristic: Numeric
- b. Length: 4
- c. Definition: A Code used in rating the policy which is assigned to a type of work based on the nature of the business of the employer, or a statistical code as defined by the rating bureau.
- d. Requirement: Report the numeric code corresponding to the classification assigned to the insured according to the rules of the manual for Workers' Compensation.

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4. Exposure Amount

- a. Characteristic: Numeric
- b. Length: 10
- c. Definition: The measurement used to determine how much premium should be charged to the insured. This measurement is generally the final audited payroll amount, in whole dollars, for class codes covered by the policy. Other exposure bases include number of employees (per capita), number of aircraft passenger seats and number of days.
- d. Requirement: Report the exposure amount for all classifications assigned to the policy, except those specifically indicated as exceptions (see below). The entire whole dollar exposure must be reported. Do not truncate.

When reporting a "no exposure developed" unit report, using class code 1111, leave the exposure field blank.

Payroll base: Report the estimated or audited payroll amount in whole dollars.

Per Capita base: (Class Codes 0908, 0909, 0912 and 0913) Report the number of employees(s) covered, based on the duration of coverage for one year intervals. Do not add per capita expense to the total standard exposure.

For example, one employee covered for one year is reported as 1.0. For coverage less than one year, report the exposure by multiplying the factor shown below by the number of employees.

<u>Duration of Coverage</u>	<u>Factor</u>
1 day - 17 days	.0
18 days - 1 month 23 days	.1
1 month 24 days - 2 months	.2
3 months - 4 months 5 days	.3
4 months 6 days - 5 months 11 days	.4
5 months 12 days - 6 months 17 days	.5
6 months 18 days - 7 months 23 days	.6
7 months 24 days - 9 months	.7
9 months - 10 months 5 days	.8
10 months 6 days - 11 months 11 days	.9
11 months 12 days - 12 months	1.0

Note: On hard copy reports the decimal must be expressed. The decimal is implied on magnetic tape reports.

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Exposure continued...

Aircraft Operation - Passenger Seat Surcharge: (Class Code 0088) Report the number of seats on the aircraft. For example one seat = 1.0. Do not add seat surcharge total to standard exposure. Note: magnetic tape reporting assumes an implied decimal for seat surcharges exposure.

Strike Duty - Detective or Patrol Agencies or Labor Unions: (Class Code 0111) Report the total number of employee days, where the Basic Manual provides for a per capita premium surcharge for strike duty. The total number of employee days is defined as the number of employees multiplied by the number of days those employees were on strike duty. Do not add the number of days to the total standard exposure. Note: magnetic tape reporting assumes an implied decimal for strike duty exposure.

Disease Experience: (Class Codes 0059, 0065, 0066, 0067, 0133, 0179) Report the payroll to which the supplementary disease rate is applied. Do not add this amount into the total standard exposure.

Radiation Exposure: (Class Codes 9984 and 9985) Report the payroll to which the supplementary radiation rate is applied. Do not add this amount into the total standard exposure.

Non-Ratable Elements: Class Codes 0770, 0773, 0774, 0775, 0776, 0779, 0799, 7445, and 7453) Report the payroll to which the non-ratable portion of the rate is applied. Do not add this amount into the total standard exposure. The exposure on the non-ratable class record and corresponding manual class should be equal.

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5. Manual Rate

- a. Characteristic: Numeric
- b. Length: 7
- c. Definition: The charge per unit of exposure for a specific class code.
- d. Requirement: Report the applicable charge per unit of exposure for each classification. The approved applicable manual rate prior to deviations or discounts is to be reported.

Hard Copy: XXXX.XXX  
Magnetic Tape: Implied decimal

6. Premium Amount

- a. Characteristic: Numeric
- b. Length: 9
- c. Definition: The premium for a class normally developed from unit of exposure times the manual rate, or the premium assigned to a statistical class code.
- d. Requirement: Report the premium amount corresponding to each classification.

By Extension of Payroll: (Exposure x manual rate) ÷ 100

Other Premium: As defined by the classification/statistical code.

The Bureau identifies the sign of the premium by the class code.

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7. Total Subject Premium

- a. Characteristic: Numeric
- b. Length: 10
- c. Definition: The sum of premium amounts subject to experience modification.
- d. Requirement: Report the sum of premium amounts subject to experience modification. For risks not subject to experience modification, this field may be blank on hard copy reports.

Premium amounts subject to experience rating include all premium resulting from the extension of manual rate to exposure for manual classes including the following industry groups of classes, reported above line A of the hard copy form.

State Manufacturing	Federal Classes	Fed. Empl. Liability Act Classes
State Construction	"A" Rate Classes	
State All Other Classes	Admiralty Classes	

The statistical classes reported above line A for the following premium charges or credits are also subject to experience rating:

Employers' Liability: Codes: 9803-9822, 9845, 9848, 9849, 9840

Occupational Disease: Codes: 0059, 0065, 0066, 0067, 0133, 0179

Additional Premium for Waiver of Subrogation: Code: 0930

***Independent Carrier Filing Credit: Code: 9721***

***Independent Carrier Filing Debit: Code 9723***

***Schedule Rating Plans: Code: 0887***

Prem. Credit resulting from flat decrease on aggregate prem. on outstanding policies  
Code: 0994

Prem. resulting from flat increase on aggregate prem. on outstanding policies: Code  
0998

Aircraft Surcharge: Code: 0088

Short Rate Penalty Premium: Code: 0931

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Rate Deviations: Code: 9037

Strike Duty: Code: 0111

Deductible Credit: Code: 9664

Refer to Total Standard Premium for instruction on statistical classes not subject to experience rating.

8. Experience Modification Factor (Experience Mod.)

- a. Characteristic: Numeric
- b. Length: 4 X.XXX decimal is assumed on electronic reports.
- c. Definition: A factor applied to subject premium to reflect a risk's variation from the average risk within the same class code. Using the risk's past experience, the experience modification is determined by comparing the actual losses to expected losses.
- d. Requirement: Report the experience modification factor used to develop the charged premium.

If a change in experience modification occurs after the policy effective date due to an anniversary rating date change, the payrolls, authorized rates, and corresponding premiums must be split and reported on separate sheets of a unit report.

Hard Copy = X.XXX  
Magnetic Tape = Implied decimal

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9. Total Modified Premium

- a. Characteristic: Numeric
- b. Length: 10
- c. Definition: Total subject premium times the experience modification.
- d. Requirement: Reported only on hard copy - optional reporting for Massachusetts. The Bureau will multiply the reported modification factor by the reported subject premium.

Report the total subject premium multiplied by the experience modification factor.

For risks not subject to experience modification, leave this field blank on hard copy reports.

10. Total Standard Exposure

- a. Characteristic: Numeric
- b. Length: 11
- c. Definition: The sum of the payroll exposures.
- d. Requirement: Report the sum of the all dollar value (payroll) exposures.

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11. Total Standard Premium

- a. Characteristic: Numeric
- b. Length: 11
- c. Definition: (Total subject premium x experience modification) plus premium not subject to experience modification.
- d. Requirement: Report the sum of all premium dollars (subject and not subject to modification).

The statistical classes reported on lines D, E, and F for the following premium charges and credits are not subject to experience rating but are added (or subtracted) during the calculation of total standard premium.

Loss Constant: Code: 0032

Non-ratable Elements: Codes: 0770, 0773, 0774, 0775, 0776, 0779, 0799, 7445, 7453

Risk Minimum Premium: Code: 0990

Construction Credit: Code: 9046

Merit Rating: Code: 9885, 9886

***Rate Deviation: Code: 9034***

***Independent Carrier Filing Credit: Code: 9722***

***Independent Carrier Filing Debit: Code: 9724***

The following discounts, credits, and surcharges (reported on lines J, K, and L) must not be included in the total standard premium.

<u>Class</u>	<u>Description</u>
0063	Stock/Type A Premium Discount
0064	Non-Stock/Type B Premium Discount
0277	All Risk Adjustment
0900	Expense Constant
9129	Formerly Self-insured Rating Plan Deposit
9136	Formerly Self-Insured Deposit & Insurance Charge
9880	Qualified Loss Management
9985 & 9984	Atomic Energy Exposure
9663	<b><i>Deductible Experience - Not Experience Rated</i></b>
9874	<b><i>Managed Care Arrangement Premium Credit</i></b>
9887	<b><i>Scheduled Rating Plans</i></b>

The following additional charges or adjustments associated with the policy must not be reported on the unit and must not be added to the standard premium total:

Retrospective Adjustments, DIA Assessment, Dividends to Policyholders', Premium Tax.

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12. Premium Discount Amount (Premium Discount Amt.)

- a. Characteristic: Numeric
- b. Length: 9
- c. Definition: The amount deducted from the total standard premium in recognition of the smaller relative expense of servicing large policies.
- d. Requirement: Report the premium adjustment resulting from the application of the premium discount plan reported under class code 0063 (stock or type A) or 0064 (non-stock or type B). Do not include the premium discount amount in the total standard premium.

Enter the last digit of the class code ("3" or "4") to indicate stock/type A or non-stock/type B company discount. Hard Copy Only.

13. Expense Constant Amount (Expense Constant Amt.)

- a. Characteristic: Numeric
- b. Length: 9
- c. Definition: A flat dollar charge added to the total standard premium to cover expenses.
- d. Requirement: For hard copy reports report the premium adjustment resulting from the application of the expense constant reported with class code 0900.

For electronic reports the expense constant is reported with class code 0900 as an exposure record.

For multi-state policies, allocate the expense constant to the state with the highest applicable expense constant. If two or more states have the same highest expense constant, allocate it to the state developing the highest standard premium.

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7. Loss Class Code

- a. Characteristic: Numeric
- b. Length: 4
- c. Definition: The class code where the payroll of the injured worker was reported.
- d. Requirement: Report the class code where the payroll or other exposure of the injured worker was reported. [REDACTED]

8. Injury Code (Injury)

- a. Characteristic: Numeric
- b. Length: 2
- c. Definition: A code that identifies under which provision(s) of the law benefits are paid or expected to be paid.
- d. Requirement: Report the 2-digit numeric code that identifies under which provision of the law benefits are paid or expected to be paid.

<u>Code</u>	<u>Description</u>
01	Death
02	Permanent Total Disability
05	Temporary Injury
06	Medical Only
07	Contract Medical
09	Permanent Partial Disability

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Kind of Injury Codes Compared to Benefits under MGL, Chapter 152 Workers' Compensation		
Kind of Injury-Code & Description	Reporting Instructions for Injury Code	Benefits Under MGL, Chapter 152
1 - Death	Enter each death claim, unless it has been established that the carrier has incurred no liability. The amount shall include all paid and outstanding benefits, including compensation paid to the deceased prior to death, burial expense, and payments to the state.	Claims which involve benefits under Sections 31 (death) and 33 (burial) must be coded as Injury 1. If death did not occur at the time of accident, any of the other benefits may have been paid prior to the death of the injured worker, such as, Section 30 (medical), 34 (total incapacity), 34(A) (permanent total), 35 (partial incapacity), Section 36 (scheduled indemnity) may apply only if the injured worker's death occurred more than 30 days after injury.
2 - Permanent Total	Enter as permanent total each claim which has been adjudged to constitute permanent total disability or which is defined as such under the law, or which, in the judgment of the carrier will result in permanent total disability.	Predominantly benefits under Section 34(A) (permanent total). Section 30 (medical) and Section 36 (scheduled indemnity) may also be included in the claim. Benefits may have been paid under Sections 34 (total) or 35 (partial) prior to the determination of permanent and total disability. Once a claim involves Section 34(A), benefits of the injury code must be 2 unless the injured worker subsequently dies and the claim involves death benefits.
5 - Temporary	Enter as temporary every case which involves or is expected to involve indemnity benefits but which does not constitute a case of death, permanent total or permanent partial. Temporary benefits do not exceed 52 weeks. Refer to definition of Permanent Partial.	Code 5 is <u>not</u> applicable to any claim that involves benefits under Sections 31 (death), 33 (burial), 34(A) (permanent and total) or 36 (scheduled indemnity). Benefits under Sections 34 (total) or 35 (partial) up to 52 weeks should be coded as injury code 5. Benefits under Section 30 (medical) may also be included in the claim.
6 - Medical	When reporting medical only losses, make no entry in the column captioned "indemnity" and enter the number "6" in the column captioned "Inj.". 	Only benefits under Section 30, (medical).