

**Calculation of Construction Credit
For Credits Effective 4/1/2014 and later**

The Class Codes, Wages and Hours Worked are provided on the application and shown below in columns A, B and C:

A	B	C	D	E	F	G	H
Class Codes from the Application	Hours Worked from the Application	Payroll from the Application	Manual Rate per Code	Calculated Manual Premium (C/100 * D)	Calculated Hourly Rate for Approved Codes (C / B)	Credit % from the Table for Approved Codes (below)	Credit Amount (E * G)
5437	1,182	36,665	4.86	1,782	31.02	7%	125
5445	785	32,206	7.43	2,393	41.03	25%	598
5474	1,680	71,450	5.22	3,730	42.53	25%	932
8227	1,779	35,928	4.03	1,448	20.20	-	-
8742	520	20,800	0.16	33	-	-	-
8810	1,266	26,630	0.08	21	-	-	-
TOTALS				9,407			1,655

Total Credit (H) = 1,655

Total Manual Premium (E) = 9,407

Total Credit (H) / Total Manual Premium (E) = 1,655 / 9,407 = 0.1759 = 18%

		Policy Credit	=	18%
Mod Factor *	=	Experience Modification *	=	1.11
E *	=	Total Expected Losses *	=	66,160
Ex *	=	Expected Excess Losses *	=	54,210
W *	=	Weighting Value *	=	0.09
B *	=	Ballast Value *	=	24,500

* Values taken from either the Massachusetts or NCCI experience modification worksheet.

$$\begin{aligned}
 Z &= 1 - [Ex * (1 - W) + B] / [M * (E + B)] \\
 &= 1 - [54,210 * (1 - 0.09) + 24,500] / [1.11 * (66,160 + 24,500)] \\
 &= 1 - (73,831 / 100,633) \\
 &= 0.26633 \\
 Z &= 27\%
 \end{aligned}$$

$$\begin{aligned}
 \text{Offset} &= (Z * \text{Policy Credit}) \\
 \text{Offset} &= 0.27 * 0.18 = 0.0486 = 5\%
 \end{aligned}$$

$$\begin{aligned}
 \text{Net Credit} &= \text{Policy Credit} - \text{Offset} \\
 \text{Net Credit} &= 18\% - 5\% = 13\%
 \end{aligned}$$

The credit issued by the WCRIBMA shall be applied by the carrier to Item 4 of the Information Page of the policy. The policy credit factor is to be applied to the premium determination process directly after the application of experience modification and prior to any premium discount. It is a component of Standard Premium.

Factors from the experience modification calculation are used in a formula which calculates a factor "Z", "Z" is multiplied by the policy credit (calculated above) to create the "offset", and then the offset is subtracted from the policy credit to calculate the Net (or final) Credit.

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Construction Credit Percentages

Average Hourly Wage	Credit %
29.99 or less	0%
30.00 to 30.49	5%
30.50 to 30.99	6%
31.00 to 31.49	7%
31.50 to 31.99	8%
32.00 to 32.49	9%
32.50 to 32.99	10%
33.00 to 33.49	11%
33.50 to 33.99	12%
34.00 to 34.49	13%
34.50 to 34.99	14%
35.00 to 35.49	15%
35.50 to 35.99	16%
36.00 to 36.49	17%
36.50 to 36.99	18%
37.00 to 37.49	19%
37.50 to 37.99	20%
38.00 to 38.49	21%
38.50 to 38.99	22%
39.00 to 39.49	23%
39.50 to 39.99	24%
40.00 and over	25%