



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

**POOL PROCEDURES  
for NEW APPLICATIONS**

**Submitted on hard-copy form  
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The most recent updates are highlighted.**

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## OVERVIEW

### Introduction

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

**These procedures are only applicable to applicants using the hard-copy application.**

Although it has been mandatory since January 1, 2013 for all producers to use Online Assigned Risk (OAR) when submitting an application, **The Workers' Compensation Rating and Inspection Bureau of Massachusetts** ("WCRIBMA") recognizes that, on occasion, the use of the hard copy application submission process may be necessary. Any producer that submits an application using the hard copy (mail, walk-in, or third party delivery) application process will be subject to a \$10 processing fee per application. The \$10 processing fee should **not** be submitted with the application; rather the producer group will be billed for these fees on a quarterly basis. Payment of the invoice fee must be by agency check.

**Note that applications submitted by former self insurers and applications submitted to endorse an additional entity onto an existing pool policy must be submitted on a hard-copy application, and neither will be subject to the \$10 processing fee.**

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

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

#### **Additional References:**

***Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305***

### Eligibility Requirements

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

- The employer's application for voluntary Massachusetts workers' compensation insurance coverage must have been rejected by two (2) insurers licensed to write workers' compensation insurance in Massachusetts.
- **The** employer may not have any outstanding offers for voluntary Massachusetts workers' compensation coverage.  
**Note:** If the employer has received and rejected an offer of voluntary coverage, the WCRIBMA will consider all submitted and available information, including the terms of that voluntary offer, when determining if the employer is eligible for Pool coverage.
- The employer must not be in default of payment of premium for Massachusetts workers' compensation insurance.
- The employer must have complied **or must show that it will comply substantially** with all laws, orders, rules and regulations in force and effect relating to the welfare, health and safety of employees.

- The employer must not have an audit or inspection on a prior workers' compensation insurance policy that remains incomplete due to the employer's failure to cooperate with the insurer.
- Additional information concerning eligibility can be found in [Section II – Eligibility Requirements](#) herein.

## Binding of Coverage

If the application is accompanied by the proper deposit premium and, upon review, the employer is eligible for coverage and the application is satisfactorily completed, then the WCRIBMA will issue a Notice of Assignment letter that indicates a coverage effective date.

If the employer has coverage at the time the application is received in the office of the WCRIBMA, the WCRIBMA sets a coverage effective date that coincides with the expiration date of that present coverage. If the employer is without coverage at the time the application is received by the WCRIBMA, the WCRIBMA sets a coverage effective equal to 12:01 a.m. the day following the WCRIBMA's receipt of the application and proper deposit premium, unless a later date is requested.

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

- a. The WCRIBMA can only tentatively bind coverage if a check for the proper deposit premium is received with the application. Applications submitted without a check will be automatically rejected without a binding date.
- b. There will be no coverage in place if there are not sufficient funds to cover the deposit premium check when it is cashed by the assigned carrier. See *Non-Negotiable Checks* in Pool Procedures for Existing Policies for details.
- c. The WCRIBMA cannot bind coverage if the declination requirements are not met or if the employer has received an offer of voluntary coverage.
- d. The WCRIBMA cannot bind coverage for any employer who is in default of premium for Massachusetts workers' compensation insurance. See [Outstanding Premium](#) for details.
- e. The WCRIBMA cannot bind coverage for any employer who has an audit or inspection on a prior workers' compensation policy that remains incomplete due to the employer's failure to cooperate with the insurer. See [Outstanding Audits or Inspections](#) for details.
- f. The WCRIBMA cannot bind coverage for former self-insurers until an audit is performed and a rating plan deposit is established and received. See [Former Self-Insurers](#) for details.
- g. The WCRIBMA cannot bind coverage if there is evidence that the employer has not complied with all laws, orders, rules or regulations in force and effect relating to the welfare, health and safety of employees.
- h. The WCRIBMA cannot bind coverage if the employer has a Massachusetts workers' compensation insurance policy in place.
- i. The WCRIBMA can only bind coverage for Massachusetts employees.
- j. The WCRIBMA cannot bind coverage to be effective at a time other than 12:01 a.m.
- k. In no event will coverage be made effective earlier than 12:01 a.m. the day following receipt of the application and required deposit premium check by the WCRIBMA office.

## Rejection of Application

If an application does not meet the eligibility requirements, as stated in the [Eligibility Requirements](#) and [Binding of Coverage](#) sections, then the WCRIBMA will not bind coverage. The application, all material submitted and a Rejection of Application letter will be returned to the producer (to the employer if there is no producer) with no coverage provided.

## Delayed Processing of Application

If it appears that the employer is eligible for coverage, but either the application is not completed satisfactorily, additional information is necessary, or the deposit premium check is insufficient, then the application and all material submitted will be returned to the **producer** (to the employer if there is no **producer**) with a tentative binding date. The cover letter, called a Delayed Processing of Application letter, will advise why WCRIBMA Staff is unable to process the application. In order to retain the tentative binding date, all requested information and the original submission must be received by the office of the WCRIBMA by the date indicated in the Delayed Processing of Application letter. Failure to return the original submission and all requested information on a timely basis will result in the loss of the tentative binding date, and a Loss of Binding Date Letter will be mailed to the **producer** (to the employer if there is no **producer**) advising that the submission was not received on time and that no coverage has been provided.

## Notices of Assignment

After the submission of a satisfactorily completed application and a sufficient deposit premium check by an eligible employer, the WCRIBMA's computer system designates a particular servicing carrier or VDAC carrier. (Refer to the *Assigned Risk Pool Plan of Operation*, or the Servicing Carrier or VDAC Carrier listings in the Residual Market / General Residual Market Resources sections of the WCRIBMA's website for further information about the carriers.) The WCRIBMA then issues a Notice of Assignment. Copies are sent to the **producer**, the insured and the assigned carrier.

The deposit premium check received with the application is endorsed over to the assigned carrier by WCRIBMA Staff. The Notice of Assignment, application, endorsed check, and any other pertinent material is then sent to the assigned carrier.

## Submission of the Application

Applications submitted by **facsimile or email** will not be accepted by the WCRIBMA.

Submissions that are delivered either by a courier, **producer**, or special mailing service must be delivered to the physical address (101 Arch Street, 5<sup>th</sup> Floor, Boston, MA 02110). The effective date of coverage is determined by the receipt of the application and the required deposit premium **by the WCRIBMA**, and not by producers, the post office, courier services, property managers or other such entities.

Information concerning the status of an application and binding of coverage can be found in the Residual Market / Producer and Employer Resources section of the WCRIBMA's website. Refer to the MWCARP Application Status Search page.

## COMPLETION OF THE **HARD COPY** APPLICATION

The employer, with or without the assistance of a **producer**, completes an application and computes the estimated deposit premium. The application **and any necessary Supplemental Applications** must be completed fully and accurately.

If additional space is needed for answering questions, a separate sheet should be used and attached to the application. All such attachments must be signed by the employer (e.g., the sole proprietor, general partner, corporate officer, LLC member or trustee).

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

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

Application forms can be obtained from the WCRIBMA's website:

- A blank application form can be printed from the website, completed by hand and mailed or **otherwise** submitted to the WCRIBMA; or
- An application in Word format, available on the WCRIBMA's website, can be saved to your PC, completed, printed and mailed or **otherwise** submitted to the WCRIBMA.

## PAGE 1

### SECTION I – GENERAL INFORMATION

#### Requested Effective Date

If the employer presently has insurance in effect, the effective date of the requested coverage should be the same as the expiration date of the present policy.

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

#### 1. Name of Employer

**Only one employer may be named on each application.** If it is **intended** to have more than one employer listed on a single Assigned Risk Pool policy, that intention must be clearly specified in a cover letter, and all material must be submitted as a single package. **A separate application must be submitted for each entity**, and an ERM Form (Confidential Request for Information) must be completed and submitted to show combinability.

The name of the employing entity must be provided on the Name of Employer line. If the employer has a trade name (also known as a DBA name or a 'doing business as' name), then the trade name must be listed on that line as well. The correct manner in which to complete this item will depend on the legal status of the applicant. See the examples listed below:

Sole Proprietorship:	Joe Smith DBA Smith Electrical <b>(The sole proprietor must be listed here and in Section III.)</b>
Partnership:	Joe Smith & Mary Smith DBA Smith Electrical <b>(The partners must be listed here and in Section III.)</b>
Corporation:	Smith, Inc. DBA Smith Electrical <b>(The corporate officers must be listed in Section III.)</b>
Trust:	Smith Electrical Trust (Trustee information <b>must</b> be listed in Section III.)
Limited Partnership:	Smith Electrical LP, Joe Smith General Partner <b>(The general partner must be listed in Section III.)</b>
Limited Liability Co.:	Smith Electrical LLC <b>(The member(s) be listed in Section III)</b>
Limited Liability Partnership:	Smith Electrical LLP, Joe Smith & Mary Smith Partners <b>(The partners must be listed here and in Section III.)</b>
Joint Venture:	ABC Joint Venture, Smith Inc., Joint Venturer and Smith Electrical LP, Joint Venturer

## 2. Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be provided, except when the employer is a sole proprietor with no employees.

**IN NO EVENT SHOULD A SOCIAL SECURITY NUMBER BE SUBMITTED IN LIEU OF A FEIN.**

The box marked "Pending" must be checked if the employer has requested a FEIN from the IRS but has not yet received a FEIN at the time of making application to the Pool. A copy of the request submitted to the IRS must be attached to the Pool application. Additionally, the FEIN must be submitted to the assigned carrier and to the WCRIBMA as soon as it becomes available. **Note that on the [IRS's site](#), a FEIN can be applied for and received within minutes free of charge.**

## 3. Mailing Address

Notices of Assignment, policies, bills, cancellations and correspondence will be sent to the mailing address provided on the application. The mailing address must be that of the employer or some other party who has been given power of attorney by the employer. Power of attorney documentation must be provided when applicable. The telephone number of the employer must be provided.

## 4. Principal Massachusetts Location

The **employer's** principal Massachusetts location and telephone number must be provided. A street address is required; **a post office box is not acceptable.**

## 5. Total Number of MA Locations

Provide the total number of **the employer's** Massachusetts locations.

## 6. 1st Additional MA Location

Provide a second Massachusetts location and telephone number. Street addresses are required; post office boxes are not acceptable. If the employer has more than one additional Massachusetts location, attach a list of street addresses and telephone numbers.

## 7a. Website Address

Provide the employer's website address, if any.

## 7b. Years in Business

Provide the number of years the employer has been in business.

## 8. Location of Records

Providing this information permits the assigned carrier to locate the employer's **payroll, business, and financial** records and schedule audits. If records are not kept at an address of the employer, identify the addressee. The telephone number must be provided.

## 9. Legal Status

The exact legal status of the applicant must be indicated by checking the appropriate box on the application. If "Other", you must identify the legal status, (**e.g.**, joint venture, unincorporated association, municipality, etc.). "Non-profit" is not a legal status. A husband and wife **submitting a joint application for coverage** will be treated as a partnership by WCRIBMA Staff. For joint ventures, a copy of the joint venture agreement must be submitted.

## SECTION II - ELIGIBILITY REQUIREMENTS

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

- The employer's application for voluntary Massachusetts workers' compensation insurance coverage must have been rejected by two (2) insurers licensed to write workers' compensation insurance in Massachusetts;
- **The employer** may not have any outstanding offers for voluntary Massachusetts workers' compensation coverage.  
(**Note:** If the employer has received and rejected an offer of voluntary coverage, the WCRIBMA will consider all submitted and available information, including the terms of that voluntary offer, when determining if the employer is eligible for Pool coverage.);
- The employer must not be in default of payment of premium for Massachusetts workers' compensation insurance;
- The employer must have complied **or must show that it will comply substantially** with all laws, orders, rules and regulations in force and effect relating to the welfare, health and safety of **its** employees;
- The employer must not have an audit or inspection on a prior workers' compensation insurance policy that remains incomplete due to the employer's failure to cooperate with the insurer.

### 1. Declination Requirements

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

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

If coverage was recently terminated or expired in either the voluntary or assigned risk market, a copy of the cancellation or non-renewal notice that prompted the employer to make application to the Pool must be attached to the application. If voluntary coverage was cancelled or non-renewed within the past sixty (60) days, the cancellation or nonrenewal notice will serve as one of the two required voluntary declinations, while an assigned risk cancellation or nonrenewal notice will **not** serve as a voluntary declination.

**If voluntary coverage** was cancelled or non-renewed at the **employer's** request, the WCRIBMA Staff will **not** make an assignment through the Pool; the insured or producer must replace coverage in the voluntary market.

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

### 2. Offers of Voluntary Coverage

Check the appropriate box **to indicate whether the employer has received any offers of voluntary coverage**, and if 'Yes', provide the details of any offer(s) of voluntary coverage made to the employer within the past sixty (60) days (i.e., offering carrier, date and terms of offer). Also, provide the employer's reason for not wanting to accept the offer. If the employer has received

and rejected an offer of voluntary coverage, the WCRIBMA will consider all submitted and available information, including the terms of that voluntary offer (multi-line, deductible, or retrospective rating terms), when determining if the employer is eligible for Pool coverage.

### 3. Outstanding Premium

Check the appropriate box to indicate whether there is any workers' compensation premium due from the employer or any commonly owned entity. If 'Yes', provide the name of the entity that owes the premium, the amount due, and the policy on which it is owed. The employer must answer Question 3 fully, since Massachusetts law provides that if the employer is in default of payment of premium, that employer is not eligible for coverage in the Pool. If there are any outstanding obligations, complete details must be furnished. If outstanding premium is in dispute at the time of application, documentation must be presented with the application to substantiate the employer's dispute. If an arrangement for payment has been made with the carrier, a signed copy of the payment agreement must be provided with the application. The WCRIBMA will consider all submitted and available information in determining whether the employer is eligible for Pool coverage.

### 4. Outstanding Audits or Inspections

Check the appropriate box to indicate whether the employer or any commonly owned entity has any outstanding audits on a prior workers' compensation policy, with the exception of a final audit on a recently expired policy. If 'Yes', provide the name of the entity with the outstanding audit, the name of the carrier, and the policy number. All Pool policies contain the Massachusetts Assigned Risk Pool Eligibility Endorsement, which states that the employer's compliance with each eligibility condition, including allowing the carrier to audit and inspect, is material to the continuation of Assigned Risk Pool coverage. Therefore, if an employer has refused to permit a carrier to audit their payroll records or inspect its premises, that employer is not eligible for assigned risk coverage, and its application will be rejected. If an employer has an outstanding audit or inspection due to its failure to cooperate, but has recently scheduled an audit or inspection, then the name and telephone number of a carrier representative should be provided on the application. The WCRIBMA will consider all submitted and available information in determining whether the employer is eligible for Pool coverage.

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### SECTION III – CORPORATE OFFICERS, SOLE PROPRIETORS, PARTNERS AND MEMBERS

If the employer is a corporation, list the current corporate officers named on the Articles of Organization as amended, and as filed with and approved by the Secretary of the Commonwealth, or with another state's comparable office. For each officer, provide their title, their ownership percentage, their elect/exempt status, a detailed description of their duties in Massachusetts, and their actual annual salary. Corporate officers of Massachusetts corporations will be covered unless they are approved to be exempt from coverage by the Department of Industrial Accidents ("DIA").

**To exempt a corporate officer or director from coverage:** According to M.G.L. c. 152, Section 1(4), workers' compensation coverage is elective for an officer or director of a corporation who owns at least 25% of the issued and outstanding stock of the corporation. In order to become exempt, a Form 153 must be filed with and approved by the DIA in accordance with 452 CMR 8.06. A copy of Form 153, stamped and approved by the DIA, must be attached to the Pool application. Each corporate officer or director who is exempt from coverage as indicated on the approved Form must be named on the Pool application along with his/her title, duties, salary and percentage of ownership. The word "EXEMPT" must be written

under 'Elect/Exempt' on the application. The payroll of an exempt officer/director should not be used in the premium calculation. If an application has a tentative binding date earlier than the approval date on the submitted and approved Form 153, the exemption will be effective the day after the receipt of the approved Form 153 by the WCRIBMA.

**Corporate officers of a corporation based in another state** who do not and will not come to Massachusetts are not Massachusetts employees; therefore, their payroll will not be included on the assignment. In Section III under Duties, write 'Inactive in MA' and write "Exempt" under 'Elect/Exempt'. Do not provide an unapproved Form 153; rather, attach a letter signed by the corporate officer(s) on corporate letterhead that provides the out-of-state address(es) where their corporate officers work. This letter should also state that the corporate officers do not and will not come to Massachusetts and are therefore not seeking Massachusetts coverage for themselves.

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

**To elect coverage for a sole proprietor, partner or member:** According to M.G.L. c. 152, Section 1(4), sole proprietors and partners of a legal partnership may elect to be treated as employees and obtain coverage for themselves under a workers' compensation insurance policy. (Note: All regulations, rules and procedures applicable to sole proprietors and partners with regards to the election of workers' compensation insurance coverage are also applicable to members of LLCs and partners of LLPs.) For a sole proprietor, partner or member to elect Pool coverage in accordance with 452 CMR 8.07, a written request on the employer's company letterhead must be submitted along with the Pool application. The letter must specify the name and duties of each sole proprietor, partner or member who is electing to be covered under this policy. The word "ELECT" must be written under "Elect/Exempt" on the application. Once coverage has been elected on a workers' compensation insurance policy, no sole proprietor, partner or member may opt out of said coverage until the completion of the current policy term.

Refer to 452 CMR 8.00 for additional information. Refer to the Miscellaneous Values page in the *MA Manual* for the "Basis of Premium" to be included in the premium calculation for the sole proprietor or each partner or member who has elected to be covered by the policy. Refer to Rule IX in the *MA Manual* for premium determination information.

**If the employer is a trust**, provide the name, title, percentage of ownership, duties and salary of each trustee. In Massachusetts, trustees are considered employers and are therefore not covered by workers' compensation insurance. Furthermore, trustees cannot elect to be insured as sole proprietors and partners can; therefore, 'EXEMPT' must be entered under 'Elect/Exempt' on the application, and the trustees' payrolls must not be included in Section VI.

**Additional References:**

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

*Circular Letter #2028 dated July 18, 2006 - LLC Members and LLP Partners Elections For Coverage - Revisions To The MA Workers Compensation and Employers Liability Insurance Manual and MA Explanatory Notes To National Endorsement WC000310*

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

*Circular Letter #1906 dated January 7, 2003 – Coverage for Sole Proprietors and Partners of Legal Partnerships and Exemption from Coverage of Corporate Officers or Directors – Revisions to the MA Manual & Addition of Massachusetts Explanatory Notes to National Endorsements WC000308 and WC000310*

*Circular Letter #1902 dated October 30, 2002 - Coverage for Sole Proprietors and Partners of Legal Partnerships and Exemption from Coverage of Corporate Officers or Directors*

## **SECTION IV – INSURANCE RECORD**

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

Check the appropriate Yes/No box to indicate whether the employer has had prior Massachusetts workers' compensation coverage.

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

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

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

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

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

Check the appropriate Yes/No box to indicate whether the employer was self-insured within the twelve months immediately preceding the date of the application or whether the employer's prior policy was subject to the Premium Determination Endorsement – Former Self Insurers 1. The Premium Determination Endorsement - Former Self-Insurers-1 (WC000409) must be attached to the workers' compensation policies of former self-insurers that obtain coverage through the Assigned Risk Pool. It is not applicable to former members of Self Insurance Groups. This endorsement must be used when insuring employers for exposures:

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

**An audit must be completed and a rating plan deposit must be established and received prior to binding coverage.**

A non-refundable Insurance Charge equaling 10% of Standard Premium must be included in the Deposit Premium. The 10% charge is calculated on the basis of the higher of either the average of the last three years' audited payrolls or the last complete year's payroll.

### **5. Stop Work Order**

Check the appropriate Yes/No box to indicate whether the employer has received a Stop Work Order from the DIA. If 'Yes', attach a copy of the Order so that priority can be given to the application.

### **6. Bankruptcy**

Check the appropriate Yes/No box to indicate whether the employer is in bankruptcy. If 'Yes', copies of all filings approved and orders issued by the Bankruptcy Court must be provided.

## 7. Out of State Operations

Check the appropriate Yes/No box to indicate whether the employer or any commonly owned businesses have operations in states other than Massachusetts. If 'Yes', a list of employer names, states of operation, insurance carriers and interstate or intrastate identification numbers must be submitted along with the application.

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

### **Additional References:**

*Special Bulletin #06-13 dated March 26, 2013 – Massachusetts Limited Other States Benefit Endorsement WC200306B.*

*Circular Letter #1983 dated April 7, 2005 – Approved Revisions to the Massachusetts Limited Other States Insurance Endorsement WC200306A.*

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

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

## 8.-12. Ownership

Check the appropriate Yes/No boxes to indicate whether there has been:

- 8) a name change within the last five years,
- 9) a merger or consolidation within the last five years,
- 10) a sale, transfer or conveyance of ownership interest within the last five years,
- 11) a purchase or acquisition of assets from another entity whose operations the employer took over within the past five years, or
- 12) whether the owners or officers of the applicant have ever had ownership in any other entity, either currently or previously existing.

Depending on the responses provided in questions 8 through 12, the completion of an ERM Form (Confidential Request for Information) may be required. In lieu of completing an ERM Form, detailed ownership information may be submitted on the letterhead of the insured signed by an owner, partner, corporate officer, or LLC member.

## SECTION V – BUSINESS OF EMPLOYER

### 1. Does the employer lease employees to other businesses?

Check the appropriate Yes/No box to indicate whether the employer leases employees to other businesses. If 'Yes' to question 1, the employer will need to establish a separate policy for each client to whom they lease employees. Each such policy will require a separate Pool Application, Employee Leasing Supplemental Application and deposit premium check.

### **Employee Leasing Regulations**

In Massachusetts, the manner in which an employee leasing company obtains and maintains its workers' compensation insurance is contemplated by 211 CMR 111.00.

The Regulations provide as follows, where the entity providing employee leasing services (who may be known as a Professional Employment Organization or PEO) is referred to as an "employee leasing company". The entity receiving the services is referred to as a "client company".

- The employee leasing company shall obtain and maintain a separate policy providing standard workers' compensation and employers' liability insurance for each client company.
- Each policy written to cover leased employees shall be issued with the employee leasing company as the named insured. Coverage under the policy shall be limited to the named insured's employees leased to the client company. The client company shall be identified on the policy by attaching the Massachusetts Employee Leasing Endorsement, WC200304B, which names the client.
- The experience of all of the employees leased to a client company shall be combined with the experience of the employees of the client company for purposes of calculating an experience modification. The experience **rating factors** shall be applied to the client company's policy and all policies maintained for it by a leasing company or leasing companies.
- The employee leasing company shall purchase and maintain a separate policy providing standard workers' compensation and employers' liability insurance for its own non-leased employees. This policy shall have attached the Massachusetts Exclusion of Coverage for Leased Employees Endorsement, WC200305A, **which restricts coverage to the employee leasing company's own non-leased employees, including any temporary employees they may provide.**
- If the client company has its own employees **that it pays directly**, the client company must have a separate policy providing workers' compensation and employers' liability for these employees, with the name of the client company as the named insured.

### **Applications for Leased Employees**

To obtain an Assigned Risk Pool policy that covers workers leased from an employee leasing company to one client company, the employee leasing company must complete a Massachusetts Workers' Compensation Assigned Risk Pool Application for Workers' Compensation Insurance form and an **Employee Leasing Supplemental Application**. The Pool application form must be completed as follows:

- Section I, General Information, must be completed to provide the information of the employee leasing company. The address of the client company could either be shown in #4, Principal MA Location, for out-of-state leasing companies with no other Massachusetts clients, or in #6, 1<sup>st</sup> Additional MA Location, for leasing companies with a Massachusetts location.
- Section II, Eligibility Requirements:
  - Questions 1 and 2 (declinations and offers of voluntary coverage) should be completed by the leasing company specifically with regard to the employees it leases to the client.
  - Questions 3 and 4 (unpaid premium and outstanding audits) is applicable to both i) coverage of the leasing company for this specific client and ii) coverage in the client's own name. According to 211 CMR 111.06(2), "A client company shall not be eligible for coverage pursuant to a workers' compensation policy issued to the employee leasing company if the client company owes its current or prior insurer any premium for workers' compensation insurance." Therefore, if the client company named on the supplemental application owes premium to any of its current or prior insurers, **or if the employee leasing company named on line 1 of the Pool application owes its current or prior insurers any premium for workers' compensation insurance for employees it leased to this client**, the application submitted by the employee leasing company to cover employees leased to the client company will be rejected.

- Section III, Corporate Officers, Sole Proprietors, Partners & Members, must be completed to reflect the corporate officers of the employee leasing company, not those of the client. Since the policy will only provide coverage for employees leased from the leasing company to the client, indicate that the officers are Exempt and do not include the payroll of the leasing company's officers. Submission of Form 153 to exclude the employees leasing company's corporate officers is not appropriate because this policy will only insure employees leased from the leasing company to one client. Furthermore, submission of Form 153 to exclude the client company's corporate officers would not be appropriate because they are not corporate officers of the insured employer.
- Sections IV and V, Insurance Record and Business of Employer, must be completed to reflect the information of the employee leasing company, except that V.5., description of operations, must be completed to also include a description of the client's operations. (e.g., ABC Corp, an employee leasing company, leases employees to XYZ Corp, a printing company.)
- Section VI, Massachusetts Classifications, Payroll and Premium Calculations, must be completed to only include the exposure and premium of the employees leased from the employee leasing company to the one client named on the Employee Leasing Supplemental Application. Note that:
  - The experience rating factors of the client must be used in the premium calculation.
  - The leased corporate officers of a corporate client are not subject to corporate officer minimum and maximum payroll restrictions because they are not corporate officers of the named insured on the policy. Rather, they will be included on the policy at the level of their actual payroll as paid by the employee leasing company.
  - If the client is a sole proprietorship, and the 'sole proprietor' is a paid employee of the employee leasing company, that individual will also be included on the policy at the level of their actual payroll as paid by the employee leasing company. The same holds true for partners of partnerships and members of LLCs.
- Section VIII, Applicant's Agreement, must be signed by an officer or partner of the employee leasing company.

An Employee Leasing Supplemental Application must be completed by the employee leasing company and attached to provide specific information about the client. The Supplemental Application requires that a copy of the signed lease agreement and a listing of all leased employees be provided.

After the application is successfully processed, a Notice of Assignment and policy will be issued. The policy will be issued in the name of the employee leasing company and will have endorsement WC200304B attached, which restricts coverage to the employees leased to the client company named on the endorsement. The experience rating factors of the client company shall be applied to the Notice of Assignment and the policy.

### **Applications for Non-Leased Employees**

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

To obtain an Assigned Risk Pool policy to cover an employee leasing company's non-leased employees, a Pool application must be submitted in the name of and by the employee leasing company. The information provided in Section V, number 8, must indicate that coverage is being

requested for non-leased employees. The application is subject to the approved [Eligibility Requirements](#) and [Binding of Coverage](#) sections in these procedures.

After the application is successfully processed, a Notice of Assignment and policy will be issued. The policy will be issued in the name of the employee leasing company and will have **the Massachusetts Exclusion of Coverage for Leased Employees Endorsement, WC200305A**, attached, which restricts coverage to the employee leasing company's non-leased employees **including any temporary employees it may provide**. The experience **rating factors** of the employee leasing company shall be applied to the Notice of Assignment and the policy.

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

**Additional References:**

***Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305***

**2. Does the employer provide employees to other businesses but not consider their arrangements to be employee leasing arrangements in accordance with 211 CMR 111.00?**

Check the appropriate Yes/No box to indicate whether the employer provides employees to other businesses but does not consider themselves to be an employee leasing company. Labor contractors, such as temporary employment agencies or staffing firms, would answer Yes to this question. If 'Yes' to question 2., the employer must fully complete and submit a Labor Contractor Supplemental Application along with their Pool application and deposit premium check.

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

To obtain an Assigned Risk Pool policy that covers the employees of labor contractors, a Pool application must be submitted in the name of and by the labor contractor. The application is subject to the [Eligibility Requirements](#) and [Binding of Coverage](#) sections in these procedures.

The employer must also complete, sign and attach the Labor Contractor Supplemental Application to provide additional information about the size and scope of its business and the services it provides. The employer must make an attachment to the application providing the following information to verify that the arrangements are temporary and to determine proper classifications and exposures:

- i. Any sample contracts, brochures or promotional materials utilized by the labor contractor.
- ii. The name and address of each Massachusetts business to whom the labor contractor provided employees over the past 6 months,
- iii. The nature of the client's business and a description of the duties of the employees that were supplied,
- iv. The number of employees provided and how often/frequently they were provided;
- v. The start and end dates of the arrangement, and
- vi. A description of the circumstances under which employees were provided. Examples include:
  - Temporary to permanent hire by the client,
  - Providing employees to cover the absence of permanent employees,

- Providing employees to fill a need during a temporary skill shortage,
- Providing employees during a seasonal increase in business,
- Staffing for a special temporary assignment or project, or
- Meeting daily staffing needs.

Note that if the labor contractor is a new business, then it must attach a list of prospective clients, including their names, addresses and business descriptions, along with a description of what services it expects to provide to each of those clients.

If the application is eligible for assignment, the Notice of Assignment (and the subsequently issued policy) will be issued in the name of the labor contractor. The policy will have the Massachusetts Exclusion of Coverage for Leased Employees (Labor Contractors) Endorsement WC200305A attached which restricts coverage to the labor contractor's non-leased employees, including any temporary employees it may provide. Therefore, if the labor contractor obtains any leasing clients, it will need to obtain separate policies to cover those leased employees.

**Additional References:**

*Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305*

**3. Does the employer lease employees from or regularly have temporary employees supplied to them from another business?**

Check the appropriate Yes/No box to indicate whether the employer leases employees from or regularly obtains temporary employees from another business. If 'Yes' to question 3, complete and attach a Client of Labor Contractor Supplemental Application along with all required attachments.

**Applications Submitted by Clients of Employee Leasing Companies or Labor Contractors**

According to 211 CMR 111.00, "nothing in (the Regulation) shall have an effect on the statutory obligation of a client company to secure workers' compensation coverage for employees not provided, supplied or maintained by an employee leasing company pursuant to an employee leasing arrangement."

An employer who is applying for Assigned Risk Pool coverage for its own, directly paid employees and who is leasing all or a portion of its workers from an employee leasing company or labor contractor, must attach a completed Client of Labor Contractor Supplemental Application, which requires the attachment of a copy of the contract, if any, and evidence of insurance for the provided employees.

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

- If the corporate officers are leased from the employee leasing company, they must be covered as employees on the employee leasing company's policy.
- If the client company obtains a policy in its own name for employees it employs directly, the corporate officers of the client company must be covered on that policy, even though they may be leased and covered on the employee leasing company's policy. The corporate officers have a fiduciary responsibility to their corporation and are considered employees thereof. If the corporate officers are not paid by their corporation, they should be included at the corporate officer minimum payroll in the classification that corresponds to their actual duties.
- If a leased corporate officer exempts himself/herself from coverage by submitting a Form 153 to the DIA, then he/she can exempt himself/herself from a policy written in the corporate

client's name. That exempt officer would not, however, be excluded from the employee leasing company's policy because he/she is not an officer of the employee leasing company.

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

**Additional References:**

*Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305*

**4. Does the employer operate a delivery or trucking business?**

Check the appropriate Yes/No box to indicate whether the employer primarily operates a trucking or delivery business. If 'Yes' to question 4, complete and attach a Trucking/Delivery Supplemental Application along with all required attachments.

Note that an employer who incidentally provides delivery services for its primary business (e.g., restaurant, furniture store, dry cleaner, etc.), should respond 'No' to question 4.

**Additional References:**

*Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305*

**5. Does the employer operate as a general or subcontractor, in either commercial or residential construction operations?**

Check the appropriate Yes/No box to indicate whether the employer operates as a general or subcontractor in construction operations. If 'Yes' to question 5., complete and attach a Construction Contractor Supplemental Application along with all required attachments.

**Additional References:**

*Circular Letter #2300 dated October 28, 2016 – Revisions to the Assigned Risk Pool Application, New Supplemental Applications & Updated Exclusion of Coverage for Leased Employees Endorsement – WC200305*

**6. Independent Contractors**

Check the appropriate Yes/No box to indicate whether the employer uses independent contractors. If the employer uses independent contractors, it must maintain documentation which supports that they are independent contractors in accordance with Massachusetts General Law, Chapter 149, Section 148B. If such documentation is not available, or if the designated carrier finds evidence of an employment relationship, premium may be charged as if the individuals were employees.

Refer to the Pool Procedures for Existing Policies for additional information.

**Additional References:**

*Circular Letter 2199 dated July 3, 2012 – Updated Audit Guidelines for Sole Proprietor and Partnership Certificates of Insurance*

*Circular Letter 2071 dated October 24, 2007 – Audit Guidelines for Sole Proprietor and Partnership Certificates of Insurance*

*Circular Letter 2057 dated June 22, 2007 – Follow-up to Circular Letter 2045*

*Circular Letter 2045 dated February 14, 2007 – Procedures for Issuing Certificates of Insurance for Sole Proprietors and Partnerships*

## 7. Employer's Revenue

Provide the employer's revenue for its last fiscal year and the fiscal year-end date. 'Revenue' is the business's income, excluding interest income, prior to deductions made for expenses.

Revenue is included on tax returns as follows:

Legal Status	Tax Form/Schedule	Line Item
Sole Proprietorship	Schedule C	1 – Gross receipts or sales
Partnership	Form 1065	1 – Gross receipts or sales
Corporation	Form 1120	1 – Gross receipts or sales
LLC	<u>Varies</u> *	1 – Gross receipts or sales

\* The tax forms filed by LLCs vary depending on the number of LLC members and the elections the LLC has made to the IRS.

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## 8. Description of Operations

Explain the nature of the business completely. For each separate location, describe the business in which the employer is engaged. Do not rely on manual phraseology for this description.

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

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

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

## 9. Subcontracted Labor

Check the appropriate Yes/No box to indicate whether the employer anticipates using subcontract labor during the policy term. If Yes to question 2., the employer must estimate the amount of payroll paid to subcontractors who cannot provide a certificate of insurance. The indicated payroll amount must be included in the payroll estimates in Section VI.

Massachusetts General Law, Chapter 152, Section 18, provides that an employer is liable for the injury of employees of a subcontractor. At the time of audit, premium will be charged in the absence of a certificate of insurance from a subcontractor, in accordance with the Audit Guidelines for Sole Proprietors and Partnership Certificates of Insurance.

Refer to the Pool Procedures for Existing Policies for additional information.

### ***Additional References:***

*Circular Letter 2199* dated July 3, 2012 – Updated Audit Guidelines for Sole Proprietor and Partnership Certificates of Insurance

*Circular Letter 2071* dated October 24, 2007 – Audit Guidelines for Sole Proprietor and Partnership Certificates of Insurance

*Circular Letter 2057* dated June 22, 2007 – Follow-up to Circular Letter 2045

*Circular Letter 2045* dated February 14, 2007 – Procedures for Issuing Certificates of Insurance for Sole Proprietors and Partnerships

## SECTION VI – MA CLASSIFICATIONS, PAYROLL AND PREMIUM CALCULATIONS

The Residual Market/Producer and Employer Resources section of the WCRIBMA’s website, [www.wcribma.org](http://www.wcribma.org), contains an Assigned Risk Application Calculator to assist producers and employers in the calculation of workers’ compensation insurance assigned risk premium. A copy of the Premium Calculation page may be printed and attached to the submission; however, you may not substitute the Premium Calculation page for page 3 of the application.

Refer to the *MA Manual*, Appendix F – Residual Market Premium Algorithm, for a complete explanation of the premium calculation process.

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

Location #	Shift #	Duties	Class Code	# of Employees	Actual Payroll for Past 12 Months	Estimated Payroll for Next 12 Months	Rate	Premium = Estimated Payroll/100 x Rate
1	1	Machine Operator	3685	10	350,000	400,000	.77	3,080
1	1	Clerical	8810	3	100,000	120,000	.12	144
2	1	Machine Operator	3685	15	700,000	600,000	.77	4,620
2	1	Clerical	8810	1	75,000	50,000	.12	60
2	2	Machine Operator	3685	5	225,000	225,000	.77	1,733

The **classification code** and wording may be taken directly from the existing policy or from Part Two - Classifications of the *MA Manual*. Using the Class Code Lookup tool located under Tools on the home page of the WCRIBMA’s website, [www.wcribma.org](http://www.wcribma.org), you can enter either the four digit class code or the phraseology to look up class codes. Payrolls and classifications are subject to review by WCRIBMA Staff and may be changed.

If the employer requires coverage under the United States Longshoreman & Harbor Workers (“USL&HW”) Act, enter the letter “F” after any non-Admiralty or non-Federal “F” classification codes to identify which rates should be increased by the USL&HW Coverage Percentage. For additional information on USL&HW refer to Rule XII in the *MA Manual* and for the USL&HW Factor, refer to the Miscellaneous Values page of the *MA Manual*. USL&HW charges are subject to review by WCRIBMA Staff and may be changed.

The **number of employees**, by location, shift and classification, must be shown.

Under **Actual Payroll for the Past 12 Months**, enter the actual, historical payrolls/exposure for the past twelve months immediately preceding the date of the application. For per capita class codes, enter the number of employees in place of the payroll/exposure.

Under **Estimated Payroll for the Next 12 Months**, realistic estimates of expected payrolls/exposure for the next twelve months are required. For per capita class codes, enter the number of employees in place of the payroll/exposure. If the estimated payrolls shown on the application are lower than those reflected in the most recent audit, WCRIBMA Staff may change the payrolls to the audited amounts. A letter of explanation from the employer may be submitted with the application, for consideration by the WCRIBMA Staff, to justify the lower payroll amounts.

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

**NOTE: ALL SOCIAL SECURITY NUMBERS MUST BE REDACTED SO THEY CANNOT BE READ. SOCIAL SECURITY NUMBERS SHOULD NOT BE VISIBLE ON ANY DOCUMENT SUBMITTED TO THE WCRIBMA.**

For appropriate rates and for the **USL&HW Coverage Percentage**, refer to the Massachusetts Rates pages in the *MA Manual*.

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

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

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

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

(\$)	100,000/100,000/1,000,000	.50%	with	\$75.00 minimum	code 9803
	500,000/500,000/500,000	1.00%	with	\$50.00 minimum	code 9807
	500,000/500,000/1,000,000	1.25%	with	\$75.00 minimum	code 9808
	1,000,000/1,000,000/1,000,000	2.00%	with	\$75.00 minimum	code 9812

If an admiralty class code is used, select the **Admiralty Employers Liability Limits**. Refer to Rule XIII in the *MA Manual* for additional information.

Code	Limit	Program I	Program II
9849	Standard: 10,000	1.00	1.00
9817	50,000	1.18	1.13
9818	100,000	1.32	1.26

The **Massachusetts Benefits Deductible Program** and the **Massachusetts Benefits Claim and Aggregate Deductible Program** are available on Assigned Risk Pool policies, excluding those policies subject to the Premium Determination Endorsement - Former Self-Insurers 1. The premium credit for deductible coverage is obtained by applying the appropriate premium reduction percentage to the Manual Premium. Refer to *Deductible Programs* under Program Overviews on the home page of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for details of the program.

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

Apply the **experience rating** (experience modification or merit rating) in effect as of the requested effective date. An employer's experience rating history can be found in the Tools and Services section of [www.wcribma.org](http://www.wcribma.org). Instructions for obtaining physical copies of experience ratings can be found in the FAQ/Experience Rating FAQs page in the Helpful Information section of [www.wcribma.org](http://www.wcribma.org). Experience rating factors are not available over the telephone. For experience rating eligibility levels refer to the Miscellaneous Values page of the *MA Manual*. Refer to the *Experience Rating Plan* or *Merit Rating Program* pages under Program Overviews on the home page of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for details of these programs.

The **Construction Classification Premium Adjustment Program ("MCCPAP")** credit for a qualified employer is applied to Modified Premium and is included in Standard Premium. Refer to the Special Pages of the *MA Manual* or *Massachusetts Construction Classification Premium Adjustment Program (MCCPAP)* under Program Overviews on the home page of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for details of this program.

Apply the appropriate **ARAP** factor from the applicable experience modification rating sheet to the Standard Premium. Refer to the *Experience Rating Plan Manual* or *All Risk Adjustment Program (ARAP)* under Program Overviews on the home page of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for details of this program.

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

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

To calculate the **Terrorism Premium**, divide the total amount of payroll (excluding per capita counts, or exposures included only for supplemental rate charges) by 100 and multiply the result by the terrorism rate. Refer to the Miscellaneous Values page of the *MA Manual* for the terrorism rate.

The Total Policy Minimum Premium is the sum of the Employers' Liability Increased Limits Minimum Premium, the Admiralty Employers' Liability Limits Minimum Premium, and the Classification Minimum Premium. It is the lowest total policy premium for a policy period not longer than one year. The **Balance to Total Policy Minimum Premium** field should contain the difference between the sum of three types of minimum premium named above and the developed classification premium.

Former self-insurers are subject to the Premium Determination Endorsement - Former Self-Insurers 1, which calls for an **Insurance Charge**. See [Former Self-Insurers](#) for details.

M.G.L. Chapter 152, Section 65 established DIA **Workers' Compensation Special Fund and the Workers' Compensation Trust Fund**. On behalf of the DIA, all carriers are required to bill and collect the assessment charge and to remit the amounts collected to the State Treasury. The Massachusetts **DIA Assessment** is a charge that is added to the Total Estimated Premium. DIA Assessment charges are not to be considered premium. Refer to *Department of Industrial Accidents (DIA) Assessment* under Program Overviews on the home page of the WCRIBMA's website, [www.wcribma.org](http://www.wcribma.org), for details.

To calculate the required **Deposit Premium**:

- Subtract the Expense Constant and Insurance Charge (if applicable) from the Total Estimated Premium plus DIA Assessment.
- Apply the appropriate deposit factor to the amount calculated in previous step. (The Monthly factor is .25, the Quarterly factor is .50 and the Semi-Annual factor is .75)
- Add the full Expense Constant and Insurance Charge (if applicable) to the amount calculated in **the** previous step.

The required Deposit Premium is calculated in this manner because the assigned carrier is entitled to 100% of the Expense Constant and the Insurance Charge at the time of policy issuance.

## SECTION VII – DEPOSIT REQUIRED

### 1. Installment Options

During the application process, the applicant can choose, depending on premium size, to have either one annual payment or an installment plan. An employer may opt to pay more than the minimum deposit premium required at inception and can choose any installment plan that would be available if their premium was lower. The installment basis chosen determines the minimum deposit premium to be collected according to the following table:

Total Estimated Premium	Installment Basis	Deposit Factor	Payment Basis
Less than \$5,000	Annual	100% of Annual	Deposit + 0
\$5,000 or more	Semi-annual	75% of Annual	Deposit + 1
\$10,000 or more	Quarterly	50% of Annual	Deposit + 3
\$25,000 or more	Monthly	25% of Annual	Deposit + 9

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

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

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

## 2. Premium Payment

Enter the check number and amount in the space allotted on the application. The check must be made out to The Massachusetts Workers' Compensation Assigned Risk Pool or MWCARP. The Pool will not accept third-party or pre-endorsed checks. The WCRIBMA Staff will endorse the check over to the assigned carrier receiving the assignment. An employer's check, a **producer's** check, a bank check, a cashier's check, or a money order is acceptable.

## 3. Non-Negotiable Checks

Any binding of coverage is conditional until the check has cleared. If the check is found to be non-negotiable, the check will be returned to the employer who will be given ten (10) **calendar** days to provide the carrier with a bank check or money order for the full amount of the required deposit. Only if sufficient funds are received by the carrier on or before the due date, will coverage be effective as of the tentative binding date on the Notice of Assignment issued by the **WCRIBMA**.

Refer to *Non-Negotiable Checks* in Pool Procedures for Existing Policies regarding the declination of payments on both new and renewal policies.

## 4. Premium Financing

**Check the appropriate Yes/No box to indicate whether the** premium is being financed.

If the premium is being financed, a copy of the legal finance agreement, signed by the employer, must be submitted along with the application and a single check for the **full estimated annual premium plus the DIA Assessment**.

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## SECTION VIII –APPLICANT'S AGREEMENT

**Enter the Employer's Signature, and the Title of the individual signing the application, his/her Printed Name, his/her Email Address, and the Date on which the application was signed.**

By signing this application, **the signer certifies under the pains and penalties of perjury** that:

- i. **He/she** is the employer or has been authorized by the employer to complete this application **and any necessary Supplemental Applications** on its behalf;
- ii. All information provided in this application and on its attachments is true.
- iii. **He/she understands that the WCRIBMA and the assigned carrier rely on the information provided on the application when providing coverage;**
- iv. **He/she understands the employer has a continuing obligation to promptly notify the assigned carrier of changes in the type of work conducted, the amount of payroll, the business name, the legal status or ownership, or a change in the mailing address or business location; and**
- v. **He/she** has read and understands the following statements to which **he/she** agrees by signing this application.

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

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

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

## SECTION IX – AGENCY AND PRODUCER

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

**\* Note:** Producers can request certificates of insurance from WCRIBMA using **the** Certificate of Insurance Tool **at the WCRIBMA's website**. **Producers** are not permitted to issue certificates of insurance on their own.

If a producer's services are used, the agency name, address, telephone number, and Federal Employer Identification Number must be provided. Also, the name and signature of the producer who actually assisted in completing the application must be included. The producer must also date the application at his/her signing.

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

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