



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

January 31, 2014

**CIRCULAR LETTER NO. 2232**

To All Members and Subscribers of the WCRIBMA:

**ADOPTION OF NCCI's ITEM FILING B-1426 – UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NON-COMPENSABLE LOSSES FROM INCURRED LOSSES.**

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The Massachusetts Commissioner of Insurance ("Commissioner") has approved the adoption of NCCI's Item Filing B-1426 that updates the Federal Mine Safety and Health Act references in NCCI's Retrospective Rating Plan Manual, eliminates the passenger seat surcharge, excludes noncompensable losses from Incurred Losses used in Retrospective Rating. This Item also removes the endorsement number references to the Workers' Compensation and Employers Liability Insurance Policy and Policy Period Endorsement contained in Rule 1-B of NCCI's Experience Rating Plan Manual.

The WCRIBMA's attached Filing Memorandum sets forth the Purpose, Background, Proposal, Impact and Implementation of this Item and contains draft manual pages for NCCI's Experience Rating Plan Manual, Massachusetts Statistical Plan, Massachusetts Workers Compensation and Employers Liability Insurance Manual and Massachusetts State Rule Exceptions to NCCI's Retrospective Rating Plan Manual.

Also attached is a copy of NCCI's Item Filing B-1426.

**These changes are applicable to new and renewal policies effective on or after 12:01 A.M., January 1, 2015.**

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

DANIEL M. CROWLEY, CPCU  
Vice President – Customer Services

**Attachments**

**THE WORKERS' COMPENSATION RATING & INSPECTION BUREAU OF MASSACHUSETTS**  
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## **FILING MEMORANDUM**

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### **PURPOSE**

The purpose of this filing is to obtain approval of NCCI's update to the Federal Mine Safety and Health Act references in their Retrospective Rating Plan Manual, the elimination of the passenger seat surcharge, exclusion of noncompensable losses from Incurred Losses used in Retrospective Rating, and the removal of the endorsement number references to the Workers' Compensation and Employers Liability Insurance Policy and Policy Period Endorsement in Rule 1-B of NCCI's Experience Rating Plan Manual filed in Item B-1426 to be effective January 1, 2015.

### **BACKGROUND**

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#### **Federal Mine Safety and Health Act**

The Massachusetts State Rule Exceptions for NCCI's Retrospective Rating Plan Manual contain 2 references within the Rule 1-B - Definitions to the Federal Coal Mine Safety and Health Act. These references must be updated to conform with the current name, which is the Federal Mine Safety and Health Act (Act). The name of the current Act became effective with the enactment of the Federal Mine Safety and Health Act of 1977, which amended the Federal Coal Mine Health and Safety Act of 1969.

#### **Elimination of the Passenger Seat Charge**

The per passenger seat surcharge was introduced in 1947, concurrent with the introduction of Classification Code 7421—Aircraft or Helicopter Operation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew. The purpose of the per passenger seat surcharge is to provide a catastrophe load for the exposure of an insured's employees (other than flight crew) who may be injured while passengers on the insured's noncommercial, nonscheduled aircraft. The surcharge is applied to policies with Classification Code 7421 and must be charged in addition to the premium otherwise determined under Classification Code 7421. Currently, the per passenger seat surcharge is \$100 per passenger seat, subject to a maximum of \$1,000 per aircraft.

In Massachusetts, the per passenger seat surcharge and any associated losses are reported under Statistical Code 0088—Aircraft Operation for Reporting Passenger Seat Surcharge and Crash Losses to Employees Other Than Members of Crew. While the losses reported to Statistical Code 0088 are not used in the experience

rating calculation, the premium reported to Statistical Code 0088 is subject to experience rating.

Aircraft losses have historically been reported to Statistical Codes 0088, which are excluded from the ratemaking process. Since the per passenger seat surcharge was introduced, large loss procedures have been incorporated in both experience rating and ratemaking procedures to temper the impact of single large loss claims and multi-claim occurrences.

In class ratemaking, individual claims are limited to \$500,000 and multi-claim occurrences are limited to \$1,500,000 with excess losses accounted for through the application of excess provisions incorporated in the ratemaking process.

Individual claims and multi-claim occurrences are also limited for purposes of calculating experience rating modifications.

The per passenger seat surcharge will be discontinued for the following reasons:

- In recent years, a minimal amount of premium has been reported under Statistical Code 0088.
- Aircraft loss events are rare and the outcomes are uncertain
- Aircraft losses should be included in ratemaking since a large loss procedure and catastrophe provisions are now in place
- The per passenger seat surcharge does not address situations in which the insured has a separate legal entity solely for the aircraft exposure.

### **Exclusion of Noncompensable Losses from Incurred Losses Used in Retrospective Rating**

Retrospective rating adjusts policy premium on the basis of incurred losses during the term of the policy. Incurred losses are defined in the Massachusetts Workers' Compensation Statistical Plan and include paid and outstanding losses. As a result of their review, NCCI determined that noncompensable claims should be excluded from the incurred losses used in retrospective rating. Currently, noncompensable claims are excluded and will continue to be excluded from experience rating when reported in accordance with the Massachusetts Workers' Compensation Statistical Plan (MA Stat Plan). The exclusion of these types of claims from retrospective rating will be consistent with the exclusion of these types of claims for experience rating purposes.

### **Changes to Rule 1-B of NCCI's Experience Rating Plan Manual**

Additionally, NCCI's Experience Rating Plan Manual Rule 1-B, which has prior approval in Massachusetts, contains the specific endorsement number reference to the Workers Compensation and Employers Liability Insurance Policy (Policy) and the Policy Period Endorsement. To avoid the need for future filings to update NCCI's

Experience Rating Plan Manual each time the Policy and/or endorsement number is revised, NCCI is removing the number references from the rule content.

The update to the Federal Mine Safety and Health Act references, the elimination of the passenger seat surcharge, the exclusion of noncompensable losses from Incurred Losses used in Retrospective Rating, and the removal of the endorsement number references to the Workers' Compensation and Employers Liability Insurance Policy and Policy Period Endorsement in Rule 1-B of NCCI's Experience Rating Plan Manual have been filed in a number of NCCI jurisdictions, including New Hampshire, Vermont, Maine, Connecticut and Rhode Island.

## **PROPOSAL**

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We propose that the 2 references to the Federal Coal Mine Safety and Health Act within Rule 1-B in the Massachusetts State Rule Exceptions for NCCI's Retrospective Rating Plan Manual be revised to properly reference the Federal Mine Safety and Health Act. The proposed changes are shown in the **Exhibit 1**.

We also propose that noncompensable claims, as defined in the MA Stat Plan, Part 1: Unit Statistical Reporting be excluded from the definition of the incurred losses used for retrospective rating. It is also proposed to revise the description of other types of losses currently excluded from incurred losses used for retrospective rating. The changes to NCCI's Retrospective Rating Plan Manual Rule 1-B-1-c do not change the intent of the rule. The revisions to the Massachusetts State Rule Exceptions for NCCI's Retrospective Rating Plan Manual are shown in the **Exhibit 1**.

In addition, it is proposed that NCCI's Experience Rating Plan Manual Rule 1-B be revised to remove the number references to the Policy and the Policy Period Endorsement, attached as **Exhibit 2**.

We also propose that the following manual pages and workers compensation premium algorithms be revised to discontinue the per passenger seat surcharge.

- Massachusetts Workers' Compensation and Employers Liability Insurance Manual: Rule VII-C-1; Part Two -Classifications Page C-11; Massachusetts Special Program for TRIPRA Page S-15; Appendix E – Voluntary Premium Algorithm Pages AE-2, AE-3, AE-7 and AE-10; and Appendix F – Residual Market Premium Algorithm pages AF-2, AF-3, AF-6, and AF-9; Rates page RA-3; attached as **Exhibit 3**.
- Massachusetts State Rule Exceptions for NCCI's Retrospective Rating Plan Manual Rule 1-B-c and 1-B-f; attached as **Exhibit 1**.
- MA Stat Plan: Part 1-Section V-5-c; Part III- Definitions, page 3 and 5; and Part VI – Appendix II, page 1; attached as **Exhibit 4**.

NCCI's Filing Memorandum, Item B-1426, is attached as **Exhibit 5**.

## **IMPACT**

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No premium impact is expected as a result of any of the changes proposed in this item related to updating references to the Federal Coal Mine Safety and Health Act or removing endorsement number references from Rule 1-B of NCCI's Experience Rating Plan Manual.

The amount of statewide premium affected by the elimination of the Aircraft Seat Surcharge is expected to be negligible.

To implement the elimination of the per passenger seat surcharge, the surcharge premium will no longer be collected and aircraft losses will begin to be reported to the applicable classification code, instead of statistical code 0088, concurrent with the elimination of the surcharge. All else being equal, this will initially cause a slight decrease in premium.

In addition, the aircraft losses will be included in the experience used to calculate a risk's experience rating modification. This would create an approximate two-year time lag between the effective date of the elimination of the surcharge and the date that the aircraft losses would be incorporated into future rates and experience rating modifications. All else being equal, this will cause a slight increase in premium in approximately two years.

While aircraft losses would be included in a risk's experience rating modification, these losses would be subject to the single-claim and multiple-claim loss limitations. For ratemaking, these losses would be subject to the large loss procedure.

The amount of statewide premium affected by the exclusion of noncompensable claims from Retrospective Rating is expected to be negligible.

## **IMPLEMENTATION**

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The WCRIBMA proposes a **January 1, 2015** effective date.

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NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

B-1426  
PAGE 17**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 1  
RETROSPECTIVE RATING PLAN MANUAL – 2009 EDITION  
MASSACHUSETTS STATE RULE EXCEPTIONS  
RULE 1—GENERAL EXPLANATION  
B. DEFINITIONS  
1. GENERAL DEFINITIONS  
(APPLIES ONLY TO VOLUNTARY POLICIES IN: MA)**

**c. Incurred Losses**

Change Rule 1-B-1-c as follows:

Incurred losses used in the rating formula for determining premium under this retrospective rating plan are those reported under the rules of the *Massachusetts Workers' Compensation Unit Statistical Plan*, Part I: Unit Statistical Reporting. Incurred losses include paid and outstanding losses.

If the ALAE Option is elected, then incurred losses will include ALAE.

Refer to the above Massachusetts definition of Allocated Loss Adjustment Expense (ALAE) when including ALAE as part of incurred losses.

**Note:** The rating formula for incurred losses will not include a loss:

- Resulting from the nonratable element codes
- ~~Developed by the passenger seat surcharge under Classification Code 7421~~
- ~~For the disease-related portion of losses covered under Developed by the occupational-disease rates for employers subject to the Federal Coal-Mine Safety and Health Act~~
- Resulting from the application of Developed by the Terrorism Insurance Program as outlined in the *Massachusetts Workers Compensation and Employers Liability Insurance Manual*
- Reported as noncompensable according to the *Massachusetts Workers' Compensation Unit Statistical Plan*, Part I: Unit Statistical Reporting

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**EXHIBIT 1  
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**f. Standard Premium**

Change Rule 1-B-1-f as follows:

The standard premium used in the calculation of retrospectively rated premiums should equal the sum of Standard Premium and All Risk Adjustment Program (ARAP) surcharge as defined in Appendix E—Voluntary Premium Algorithm within the *Massachusetts Workers' Compensation & Employers Liability Insurance Manual*.

**Note:** For retrospective rating purposes standard premium does not contemplate:

- Premium resulting from the nonratable element codes
- ~~Premium developed by the passenger seat surcharge under Classification Code 7421-~~
- Premium developed by the occupational disease rates for employers subject to the Federal ~~Coal~~-Mine Safety and Health Act

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

B-1426  
PAGE 16**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
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**EXHIBIT 2  
EXPERIENCE RATING PLAN MANUAL—2003 EDITION  
RULE 1—GENERAL EXPLANATIONS****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME,  
MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****B. MANDATORY PLAN**

1. The *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements in Rule 2-A. *Refer to the state rules for exceptions to this Plan's national rules.* A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.
2. Any action taken in any form to evade the application of an experience rating modification determined in accordance with this Plan is prohibited.
3. The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the anniversary rating date, which occurs on or after the effective date of the change. *Refer to Rule 2-B for more information about anniversary rating dates and rating effective dates.*
4. The Standard Workers Compensation and Employers Liability Insurance Policy (~~WC 00-00-00-A~~) provides the rating organization with the authority to examine and audit all records that relate to the policy. The application of this Plan's rules may be affected by the inclusion of mandatory and/or advisory endorsements found in the *Forms Manual of Workers Compensation and Employers Liability Insurance*.
5. The rules of this Plan are based on policy periods not longer than one year.
  - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
  - b. A policy issued for a period longer than one year and 16 days is treated as follows:
    - The policy period is divided into consecutive 12-month units.
    - The Policy Period Endorsement (~~WC 00-04-05~~) specifies the first or last unit of less than 12 months as a short-term policy.
    - All manual rules and procedures apply to each such unit as if a separate policy had been issued for each unit.



**RULE VII - PREMIUM DISCOUNT**

Item 4. of the Information Page

**A. EXPLANATION**

Premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies.

**B. ELECTION OF SYSTEM OF EXPENSES**

In Massachusetts, a carrier *must* elect to use *either the Type A or Type B table*, subject to the following:

**1. Election by Carrier**

The carrier must advise the MA Bureau in writing, at least ten days in advance of the date that such election is to become effective.

**2. Election Revocable**

Such election shall be revocable after at least one year has elapsed since it became effective and shall not again be made for a period of at least one year after revocation, advising the MA Bureau in accordance with B.1. above.

**3. Change in Premium Discount Percentages**

In the event the premium discount percentages are changed, all elections shall terminate as of the effective date of the change and new elections must be made, advising the MA Bureau within the time frame set by the MA Bureau.

**4. Notice to Division of Insurance**

The MA Bureau shall advise the Massachusetts Division of Insurance of such elections as may be made under the provisions of Paragraphs B. 1., 2, and 3. above.

**5. Retrospective Rating Plan Factors and Values**

The carrier electing either the Type A or Type B table of premium discounts shall use corresponding retrospective rating plan factors and values.

**6. Premium Discounts Not Applicable to Assigned Risks**

All carriers, regardless of the type of premium discounts that they select for use on their voluntary policies, shall not use the Type A or Type B table of premium discounts for policies issued under the Massachusetts Workers' Compensation Assigned Risk Pool.

**C. DEFINITIONS****1. Standard Premium**

Standard Premium includes, for the purpose of this rule, Massachusetts premium determined on the basis of authorized rates, disease loadings, non-ratable elements, ~~aircraft seat surcharges~~, premium for increased limits of liability (including premium added to balance to the increased limits of liability minimum premium), credits for Deductibles that only apply to workers compensation and not to employers liability, experience modification or merit rating adjustments, and Massachusetts Construction Classification Premium Adjustment Program credits.

*The following shall be excluded from the determination of Standard Premium: All Risk Adjustment Program [ARAP] surcharges, credits for Deductibles that apply to both workers compensation and employers liability, premium discounts, Qualified Loss Management Program [QLMP] credits, premium added to balance to Admiralty and FELA minimum premiums, loss constants, expense constants, Terrorism Insurance Program charges, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007,*

higher rate in which event such classification shall apply.

~~A per passenger seat surcharge, subject to a maximum surcharge per aircraft, shall be charged in addition to the premium otherwise determined under this classification. These surcharges shall not be cumulative in the event of substitution of aircraft during the policy period; but these surcharges shall be cumulative in the event more than one aircraft is owned or operated during the same policy period. The premium for these surcharges shall be subject to any experience rating modification. These surcharges and losses to employees, other than members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 0088. The per passenger seat surcharge and the maximum surcharge per aircraft are shown as a footnote on page RA-3 of the rate pages. Attach Aircraft Premium Endorsement (WC-00-04-01).~~

Commercial aircraft operation to be separately rated. Separately rate all other employees and drivers.

**GROUND CREW & DRIVERS ..... 7403**  
Refer to Code 7421 for Flying Crew

**AWNING MFG AND ERECTION - METAL**

- 1. **MANUFACTURE BY AN INSURED ENGAGED IN THE MANUFACTURE OF CANVAS PRODUCTS ..... 3076**
- 2. **ERECTION BY AN INSURED ENGAGED IN THE ERECTION OF CANVAS PRODUCTS ..... 5102**
- 3. **MANUFACTURE AND ERECTION OF METAL AWNINGS EXCLUSIVELY - & DRIVERS..... 5538**
- 4. **MANUFACTURE OF METAL AWNINGS EXCLUSIVELY ..... 3076**
- 5. **ERECTION OF METAL AWNINGS EXCLUSIVELY - & DRIVERS..... 5538**

**AWNING MFG - METAL - NO ERECTION ..... 3076**

**AWNING OR TENT MFG - SHOP ..... 2576**

The installation, removal or repair of awnings, tents or other canvas products away from the shop shall be classified as Code 5102 awning erection. Unless payroll records are accurately maintained showing the amount of payroll expended for shop work, the entire payroll shall be assigned to Code 5102 awning erection.

**AWNING, TENT OR CANVAS GOODS ERECTION, REMOVAL OR REPAIR ..... 5102**  
Applies to operations away from the shop.

**MASSACHUSETTS SPECIAL PROGRAM FOR  
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007**

*The Terrorism Risk Insurance Extension Act of 2005 (TRIEA 2005), which amended and extended the Terrorism Risk Insurance Act of 2002 through 2007, was scheduled to expire on December 31, 2007. The Terrorism Risk Insurance Program Reauthorization Act of 2007 ("Reauthorization Act") extended the Terrorism Risk Insurance Act of 2002, with amendments, through 2014. Attach the Massachusetts Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 20 01 01) to notify policyholders.*

*Premium for the Terrorism Insurance Program, as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, continues to be calculated on the basis of total payroll according to Rule V. Total payroll should not include per capita employee counts, ~~seat counts for the aircraft seat surcharge~~, or exposures included only for supplemental rate charges. A risk's total payroll is divided by units of \$100 and multiplied by the Terrorism Rate found on page RA-5 Miscellaneous Values. The calculation is expressed as [(Total Payroll/100) X Terrorism Rate = Premium]. This premium is applied after Standard Premium, and it is included in Premium Subject to Short Rate Penalty and Premium Subject to Total Policy Minimum Premium.*

Premium developed under this act is:

1. not included in standard premium.
2. not subject to the DIA assessment.

Expense constant and per capita classifications are not subject to premium under this Act. *Refer to Appendix E – Voluntary Market Premium Algorithm and Appendix F – Residual Market Premium Algorithm.*

For new and renewal policies effective on or after *January 1, 2008*, the premium *charged for Insured Losses under the Terrorism Insurance Program* must be shown in item 4 of the policy Information Page.

Part I

<b>MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET MANUAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.							
Rating Element	Class Categories						
	Subject to Experience Rating					Not Subject to Experience Rating	
	Admiralty /FELA	Non-Admiralty /FELA Payroll Classes	Per Capita Classes	Supplemental Rate - Disease Classes <sup>1</sup>	Aircraft Seat Surcharge Class <sup>2</sup>	Supplemental Non-Ratable Classes	Supplemental Rate - Atomic Energy Exposure <sup>3</sup>
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
(1) Class or Statistical Code	XXXX  Too Many to List	XXXX  Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067	<del>0088</del>	0770 0773 0774 0775 0776 0779 7445 7453	9985
(2) Exposure <sup>4</sup> - Not Subject to Waiver of Subrogation	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	<del>Number of Air Seats</del>	Payroll in \$100's	Payroll in \$100's
(3) Exposure - Subject to Waiver of Subrogation <sup>5</sup>	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	<del>Number of Air Seats</del>	Payroll in \$100's	Payroll in \$100's
(4) Total Exposure (2) + (3)	■	■	■	■	■	■	■
(5) Rate <sup>6</sup>	■	■	■	■	■	■	■
(6) USL&HW Act Factor <sup>7</sup>	■	■	■	■	■	■	■
(7) Manual Premium (4) x (5) x (6)	■	■	■	■	■	■	■
(8) Rate Deviation <sup>8</sup> Factor	■	■	■	■	■	■	■
(9) Rate Deviation Adjustment <sup>9</sup> (Stat Code: 9037) (7) x (8)	■	■	■	■	■	■	■
(10) Schedule Rating <sup>10</sup> Factor	■	■	■	■	■	■	■
(11) Schedule Rating Adjustment <sup>11</sup> (Stat Code: 0887) [(7) - (9)] x (10)	■	■	■	■	■	■	■
(12) Adjusted Manual Premium (7) + (9) + (11)	■	■	■	■	■	■	■
(13) Manual Premium Subject to Waiver of Subrogation (3) x (5) x (6)	■	■	■	■	■	■	■
(14) Adjusted Manual Premium Subject to Waiver of Subrogation (13) x [1.0 + (8)] x [1.0 + (10)]	■	■	■	■	■	■	■

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

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

~~<sup>2</sup> Unlike most other states, aircraft seat charges are subject to experience rating.~~

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

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

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

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

<sup>7</sup> If USL&HW Act benefits are to apply to exposures whose class rates reflect Massachusetts benefits, the USL&HW Act factor should be applied to adjust the class rates to reflect benefit and assessment differentials associated with USL&HW Act coverage. Do not apply the USL&HW Act factor to F – Classes because rates for F – Classes already reflect the benefit costs associated with the USL&HW Act.

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

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

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

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

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

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

Part III

<b>MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET TOTAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	Class Categories		Calculation
		Admiralty/ FELA (A) <sup>23</sup>	Non – Admiralty/ FELA (B) <sup>24</sup>	
(1) Standard Premium		■	■	Part II, (20)
(2) ARAP Surcharge		■	■	Part II, (22)
(3) Premium Reduction Factor for Deductibles that apply to both Workers' Compensation and Employer's Liability	9663		■	If not applicable, use a factor of zero.
(4) Premium Adjustment for Deductibles that apply to both Workers' Compensation and Employer's Liability <sup>25</sup>	9663	■	■	$-1.000 \times [(1A) + (1B) + (2A) + (2B)] \times (3)$
(5) Short Term Policy Pro Rata Factor <sup>26</sup>			■	Part II, (7)
(6) Premium Discount Factor <sup>27</sup>	0063, 0064		■	Based on Sum of (1A) + (1B)
(7) Premium Discount	0063, 0064	■	■	(1) x (6)
(8) Premium Subject to QLMP		■	■	(1) + (2) – (7)
(9) QLMP Credit Factor <sup>28</sup>	9880		■	If not applicable, use a factor of zero.
(10) QLMP Premium Adjustment <sup>29</sup>	9880	■	■	$-1.000 \times (8) \times (9)$
(11) Admiralty/FELA Minimum Premium <sup>30</sup>	9849	■		If not applicable, use a value of zero.
(12) Balance to Admiralty/FELA Minimum Premium	9849	■		If [(5) x (11)] > [(4) + (8) + (10)], then [(5) x (11)] – [(4) + (8) + (10)], else zero

Part III (Continued)

<b>MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET TOTAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	All Classes	Calculation	
(13) Premium Subject to Loss Constant		■	$(4A) + (4B) + (8A) + (8B) + (10A) + (10B) + (12A)$	
(14) Ratio of Actual to Original Policy Term <sup>31</sup>		■		
(15) Loss Constant <sup>32</sup>		■		
(16) Loss Constant Premium	0032	■	If (13) < \$500, then the lesser of [(5) x (14) x (15)] or [\$500 – (13)], else 0	
(17) Expense Constant <sup>33</sup>		■		
(18) Expense Constant Premium	0900	■	$(5) \times (14) \times (17)$	
(19) Balance to Minimum Expense Constant	0900	■	If (18) < \$15 then [(18) – (18)], else 0	
(20) Payroll in \$100s <sup>34</sup>		■	Do not include payroll for supplemental rates or the non-ratable classes. Do not include per capita or aircraft seat exposures.	
(21) TRIA Premium Factor	9740	■	TRIA Value	
(22) TRIA Premium	9740	■	$(20) \times (21)$	

Part IV

MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION				
■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Class Categories			
	Subject to Experience Rating			
	Non-Federal Payroll Classes <sup>36</sup>	Per Capita Classes	Supplemental Rate - Disease Classes	Aircraft Seat Surcharge Class
	(A)	(B)	(C)	(D)
(1) Class or Statistical Code	XXXX Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067	<del>0088</del>
(2) Total Exposure	Payroll in \$100's	Number of Persons	Payroll in \$100's	Number of Air Seats
(3) Rate	■	■	■	■
(4) Manual Premium Used to Calculate DIA Assessment (2) x (3)	■	■	■	■

Part IV (Continued)

MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION		
■ - Indicates that the given Rating Element applies to the column.		
Rating Element	All Classes	Calculation
(5) Manual Premium Used to Calculate DIA Assessment	■	Excludes: • Admiralty/FELA classifications • "F" classifications • Non-"F" classifications to which the USL&HWA factor has been applied [(4A) + (4B) + (4C) + (4D)]
(6) Experience Modification Factor	■	Part II, (13)
(7) Merit Rating Factor	■	Part II, (15)
(8) DIA Assessment Base	■	(5) x (6) x (7)
(9) DIA Assessment Rate	■	
(10) DIA Assessment	■	(8) x (9)

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

Part I

<b>MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET MANUAL PREMIUM CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.							
Rating Element	Class Categories						
	Subject to Experience Rating					Not Subject to Experience Rating	
	Admiralty /FELA	Non-Admiralty /FELA Payroll Classes	Per Capita Classes	Supplemental Rate - Disease Classes <sup>1</sup>	Aircraft Seat Surcharge Class <sup>2</sup>	Supplemental Non-Ratable Classes	Supplemental Rate - Atomic Energy Exposure <sup>3</sup>
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
(1) Class or Statistical Code	XXXX  Too Many to List	XXXX  Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067	<del>0088-</del>	0770 0773 0774 0775 0776 0779 0799 7445 7453	9985
(2) Exposure <sup>4</sup> - Not Subject to Waiver of Subrogation	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	Number of Air Seats	Payroll in \$100's	Payroll in \$100's
(3) Exposure - Subject to Waiver of Subrogation <sup>5</sup>	Payroll in \$100's	Payroll in \$100's	Number of Persons	Payroll in \$100's	Number of Air Seats	Payroll in \$100's	Payroll in \$100's
(4) Total Exposure (2) + (3)	■	■	■	■	■	■	■
(5) Rate <sup>6</sup>	■	■	■	■	■	■	■
(6) USL&HW Act Factor <sup>7</sup>	■	■	■	■	■	■	■
(7) Manual Premium (4) x (5) x (6)	■	■	■	■	■	■	■
(8) Manual Premium Subject to Waiver of Subrogation (3) x (5) x (6)	■	■	■	■	■	■	■

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



- <sup>1</sup> Note that all supplemental disease codes for Massachusetts are subject to experience rating. Massachusetts does not have asbestosis related disease loads which are not subject to experience rating as in most states.
- ~~<sup>2</sup> Unlike most other states, aircraft seat charges are subject to experience rating.~~
- <sup>3</sup> Class code 9985 (Atomic Energy: Radiation Exposure NOC) allows for a supplemental rate to apply to exposures having exposure to atomic radiation when the business operations are not performed under the direction of the Nuclear Regulatory Commission or any government agency. Note that the Bureau is providing no guidance with respect to class code 9984 (Atomic Energy: Project Work) because the rating for this class is dependent upon the agreement of the carrier, the insured, and the Nuclear Regulatory Commission or government agency.
- <sup>4</sup> Note that the most prevalent exposure base is **payroll in hundreds of dollars** (not just payroll). Use the actual exposure developed during the period the policy was in effect.
- <sup>5</sup> When a policy is endorsed to waive the right to subrogate, the carrier can not pursue subrogation recoveries from a third party. Waiver of subrogation may apply to a policy in total or to a specific job covered by the policy. Since the waiver of subrogation may apply to a just a portion of the policy's exposure, it is necessary to capture both the exposure subject to waiver of subrogation and the exposure not subject to waiver of subrogation.
- <sup>6</sup> This rate should reflect any adjustment for the removal of a disease load or the election of increased limits of employer's liability limits applicable to Admiralty and FELA.
- <sup>7</sup> If USL&HW Act benefits are to apply to exposures whose class rates reflect Massachusetts benefits, the USL&HW Act factor should be applied to adjust the class rates to reflect benefit and assessment differentials associated with USL&HW Act coverage. Do not apply the USL&HW Act factor to F – Classes because rates for F – Classes already reflect the benefit costs associated with the USL&HW Act.

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

**Part III**

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

**Part III (Continued)**

<b>MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET TOTAL PREMIUM CALCULATION</b>				
■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Statistical Code	All Classes	Calculation	
(9) Premium Subject to Loss Constant		■	(4A) + (4B) + (6A) + (6B) + (8A)	
(10) Ratio of Actual to Original Policy Term <sup>25</sup>		■		
(11) Loss Constant <sup>26</sup>		■		
(12) Loss Constant Premium	0032	■	If (9) < \$500, then the lesser of [(3) x (10) x (11)] or [\$500 – (9)], else 0	
(13) Expense Constant <sup>27</sup>		■		
(14) Expense Constant Premium	0900	■	(3) x (10) x (13)	
(15) Balance to Minimum Expense Constant	0900	■	If (14) < \$15 then [\$15 – (14)], else 0	
(16) Payroll in \$100s <sup>28</sup>		■	Do not include payroll for supplemental rates or the non-ratable classes. <del>Do not include per capita or aircraft seat exposures.</del>	
(17) TRIA Premium Factor	9740	■	TRIA Value	
(18) TRIA Premium	9740	■	(16) x (17)	
(19) Premium Subject to Short Rate Penalty		■	(9) + (12) + (14) + (15) + (18)	
(20) Short Rate Penalty Factor	0931	■	Table look up based on (10) x 365	
(21) Short Rate Penalty Premium	0931	■	[(19) / (10)] x [(20) – (10)]	
(22) Premium Subject to Total Policy Minimum Premium		■	(19) + (21)	

**Part IV**

<b>MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.				
Rating Element	Class Categories			
	Subject to Experience Rating			
	Non-Federal Payroll Classes <b>(A)</b>	Per Capita Classes <b>(B)</b>	Supplemental Rate - Disease Classes <b>(C)</b>	Aircraft Seat Surcharge Class <b>(D)</b>
(1) Class or Statistical Code	XXXX Too Many to List	0908 0909 0912 0913	0059 0065 0066 0067	<del>0088</del>
(2) Total Exposure	Payroll in \$100's	Number of Persons	Payroll in \$100's	Number of Air Seats
(3) Rate	■	■	■	■
(4) Manual Premium Used to Calculate DIA Assessment (2) x (3)	■	■	■	■

**Part IV (Continued)**

<b>MASSACHUSETTS WORKERS' COMPENSATION DIA ASSESSMENT CALCULATION</b> ■ - Indicates that the given Rating Element applies to the column.		
Rating Element	All Classes	Calculation
(5) Manual Premium Used to Calculate DIA Assessment	■	Excludes: • Admiralty/FELA classifications • "F" classifications • Non-"F" classifications to which the USL&HWA factor has been applied [(4A) + (4B) + (4C) + (4D)]
(6) Experience Modification Factor	■	Part II, (13)
(7) Merit Rating Factor	■	Part II, (15)
(8) DIA Assessment Base	■	(5) x (6) x (7)
(9) DIA Assessment Rate	■	
(10) DIA Assessment	■	(8) x (9)

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

RATES

CLASS CODE	MIN RATE	LOSS PREM	CONST	CLASS CODE	MIN RATE	LOSS PREM	CONST	CLASS CODE	MIN RATE	LOSS PREM	CONST	CLASS CODE	MIN RATE	LOSS PREM	CONST
5507	7.05	500.	50.	7230	6.24	488.	20.	8018	3.14	289.	20.	8709F	6.51	478.	--
5508D	6.01	500.	50.	7231	6.33	492.	20.	8021	2.74	275.	20.	8710	2.18	255.	20.
5509	3.43	329.	50.	7309F	35.39	500.	--	8031	2.63	271.	20.	8719	2.18	255.	20.
5538	5.72	500.	50.	7313F	14.69	500.	--	8032	1.51	232.	20.	8720	1.01	214.	20.
5545	30.99	500.	50.	7317F	14.04	500.	--	8033	1.90	246.	20.	8721	0.17	185.	20.
5547	17.07	500.	50.	7327F	32.13	500.	--	8034	3.88	315.	20.	8726F	7.21	500.	--
5606	1.62	266.	50.	7350F	16.61	500.	--	8039	1.62	236.	20.	8742	0.15	184.	20.
5610	5.43	490.	50.	7360	5.48	462.	20.	8044	3.20	291.	20.	8745	3.28	294.	20.
5645	8.68	500.	50.	7370	4.60	340.	20.	8046	2.37	262.	20.	8747	1.15	219.	20.
5651	8.68	500.	50.	7380	5.71	470.	20.	8048	3.27	293.	20.	8748	0.45	195.	20.
5701	23.75	500.	50.	7382	4.09	322.	20.	8050	1.68	238.	20.	8800	0.75	205.	20.
5703	26.72	500.	50.	7403	4.73	345.	20.	8058	2.71	274.	20.	8803	0.04	180.	20.
5705	11.15	500.	50.	7405i	0.92	211.	20.	8103	2.99	284.	20.	8810	0.09	182.	20.
6003	12.92	500.	50.	7420	5.87	475.	20.	8105	4.56	339.	20.	8820	0.09	182.	20.
6005	6.01	500.	50.	7421 <sup>†</sup>	2.02	250.	20.	8106	7.39	500.	20.	8824	1.49	231.	20.
6204	9.67	500.	50.	7422	2.02	250.	20.	8107	3.98	318.	20.	8826	1.49	231.	20.
6217	4.35	452.	50.	7425	3.35	296.	20.	8111	3.33	296.	20.	8829	2.06	251.	20.
6229	4.35	452.	50.	7431j	1.52	232.	20.	8116	3.98	318.	20.	8831	1.16	220.	20.
6233	3.82	343.	50.	7445k	0.31	.	.	8203	5.75	471.	20.	8832	0.22	187.	20.
6251D	5.99	500.	50.	7453l	0.50	.	.	8204	5.42	460.	20.	8833	1.07	216.	20.
6252D	7.83	500.	50.	7502	3.83	313.	20.	8215	3.09	287.	20.	8835	2.03	250.	20.
6306	7.61	500.	50.	7515	2.28	259.	20.	8227	3.93	347.	50.	8837	(a)	(a)	(a)
6319	4.86	470.	50.	7520	3.15	289.	20.	8232	4.43	334.	20.	8868	0.61	200.	20.
6325	4.38	453.	50.	7538	5.39	489.	50.	8233	8.78	500.	20.	8901	0.09	182.	20.
6400	7.05	500.	50.	7539	1.18	220.	20.	8235	3.80	312.	20.	9014	2.48	266.	20.
6504	2.58	249.	--	7580	2.47	265.	20.	8263	5.94	478.	20.	9015	2.72	274.	20.
6801F	12.10	500.	--	7590	6.33	492.	20.	8264	4.67	342.	20.	9016	1.58	234.	20.
6811	9.17	500.	20.	7600	3.23	292.	20.	8265	8.78	500.	20.	9019	3.63	306.	20.
6824F	10.18	500.	--	7601	5.39	489.	50.	8279	4.36	332.	20.	9033	4.66	342.	20.
6826F	11.56	500.	--	7610	0.18	185.	20.	8291	4.15	324.	20.	9040	2.94	282.	20.
6834	2.97	283.	20.	7704	1.80	242.	20.	8292	3.85	314.	20.	9052	1.49	231.	20.
6836	2.43	264.	20.	7720	1.73	240.	20.	8293	8.28	500.	20.	9058	1.49	231.	20.
6843F	13.73	500.	--	7855	6.16	500.	50.	8350	5.75	471.	20.	9060	1.13	219.	20.
6854	10.40	500.	20.	8001	1.46	230.	20.	8380	2.45	265.	20.	9061	0.96	213.	20.
6872F	34.76	500.	--	8002	2.27	258.	20.	8381	1.68	238.	20.	9063	0.67	202.	20.
6874F	32.64	500.	--	8006	1.52	232.	20.	8385	3.31	295.	20.	9077F	4.58	319.	--
6882	26.33	500.	20.	8008	0.63	201.	20.	8392	1.23	222.	20.	9079	1.07	216.	20.
6884	24.73	500.	20.	8010	1.53	233.	20.	8393	1.88	245.	20.				‡
7133	(a)	(a)	(a)	8013	0.45	195.	20.	8500	8.78	500.	20.	9089	1.23	222.	20.
7219	8.28	500.	20.	8017	1.15	219.	20.	8601	0.26	188.	20.	9093	1.11	218.	20.

\*7421--A policy surcharge of \$100 per passenger seat, subject to a maximum surcharge of \$1,000 per aircraft, shall be charged in addition to the premium otherwise determined under this classification. These surcharges shall not be cumulative in the event of substitution of aircraft during the policy period; but these surcharges shall be cumulative in the event more than one aircraft is owned or operated during the same policy period. These surcharges to employees other than members of flying crew are to be reported under Code 0088.

For Non-Ratable portion of Rate, refer to:

i 7445

j 7453

Non-Ratable Code and Rate to be used with:

k 7405

l 7431

‡ Class Code 9088 is deleted effective March 1, 2013.

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

**Exhibit 4**

**Effective:** August 14, 2013  
**Distributed:** August, 2013  
**Part I – Unit Statistical Reporting**

**Section V  
EXPOSURE RECORD DATA  
Page 3**

- a. No-Exposure Developed
  - If a policy does not develop any Massachusetts exposure, report zero for the exposure amount on the exposure record containing statistical class code 1111 in the class code field.
  
- b. Payroll Exposure
  - Report the payroll amount. Do not divide the payroll by 100.
  
  - Report exposures for supplemental disease loads (statistical class codes 0059, 0065, 0066, 0067, 0133, 0179)  
  
**Note:** The statistical class codes 0133 and 0179 were discontinued effective as of January 1, 2008.
  
  - Report exposures for Non-Ratable Elements (statistical class codes 0770, 0773, 0774, 0775, 0776, 0779, 0799, 7445, 7453).
  
- c. Non-Payroll Exposure
  - Per Capita Classifications (statistical class codes 0908, 0909, 0912 and 0913):  
Report the number of employees covered, based on the duration of coverage. An employee covered under a per capita class code for a period of one year must be reported as an exposure of 1.0. If an employee is covered for a period other than one year, the reported exposure should be calculated by dividing the number of days of coverage by 365, and rounding the result to the nearest tenth of a year. For example, if an employee is covered for 130 days, the exposure amount will be equal to 0.4 (=130/365 rounded to the nearest tenth).
  
  - ~~Aircraft Operation – Passenger Seat Surcharge: (statistical class code 0088)  
Report the number of aircraft seats, subject to a maximum of 10 for any given aircraft. For example, if the insured has two aircraft with 5 and 18 seats respectively, report 15 for the number of seats.~~

**6. Premium Amount**

Report the premium amount corresponding to each classification.

- No-Exposure Developed  
Premium Amount = \$0
  
- Payroll Exposure  
Premium Amount = (Exposure Amount ÷ 100) x WCRIBMA's filed and approved rate
  
- Non-Payroll Exposure  
Premium Amount = Exposure Amount x WCRIBMA's filed and approved rate
  
- Other Premiums  
This premium shall be reported under the appropriate statistical class code. Refer to the [Massachusetts Premium Algorithm](#).

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

**Effective:** August 14, 2013  
**Distributed:** August, 2013  
**PART III - DEFINITIONS**

- d. Standard Premium  
Refer to the [Massachusetts Premium Algorithm](#).

**5. Premium Components Table**

The components of each premium type are summarized in the following table (an "x" denotes that the component is included in the column):

Premium Components						
Components	Aggregate Financial Premium Levels				Unit Statistical Report Premium	Class Codes
	Standard Premium at Bureau Designated Statistical Rate Level	Standard Premium at Company Level	Net Premium	Direct Premium		
1. Manual Premium Class Categories:						
a. Manual Class Code	x	x	x	x	x	Too many to list
<del>b. Aircraft Seat Surcharge</del>	<del>*</del>	<del>*</del>	<del>*</del>	<del>*</del>	<del>*</del>	<del>0088</del>
c. Supplemental Disease	x	x	x	x	x	0059, 0065, 0066, 0067
d. Non -Ratable	x	x	x	x	x	0770,0773-0776,0779, 0799,7445, 7453
e. Supplemental Atomic Energy Exposure	x	x	x	x	x	9985
2. Rate Deviations		x	x	x	x	9037, 9034
3. Scheduled Rating Adjustments			x	x	x	9887, 0887
4. Waiver of Subrogation	x	x	x	x	x	0930
5. Employers Liability Increased Limits	x	x	x	x	x	9803-9816, 9848
6. Experience Rating	x	x	x	x	x	NA
7. Merit Rating	x	x	x	x	x	9884-9886
8. MA CCPAP	x	x	x	x	x	9046
9. ARAP Surcharge				x	x	0277

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

**Effective:** August 14, 2013

**Distributed:** August, 2013

**PART III - DEFINITIONS**

**Page 5**

**1. Manual Premium – Class Categories:**

**a. Manual Class Code**

For definition and for a list of all classifications refer to [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

**b. ~~Aircraft Seat Surcharge~~**

~~Use code 0088 to report the passenger seat premium surcharge associated with aircraft operations to employees other than members of the flying crew.~~

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

**c. Supplemental Disease**

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

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

**d. Non-Ratable**

Some classifications have a non-ratable element that is not subject to experience rating and is reported using the statistical class codes from the table below. 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.

<u>Non-Ratable Element</u>	<u>Basic Classification</u>	<u>Description</u>
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

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

Effective: August 14, 2013  
Distributed: August, 2013  
Part VI – Appendices

Appendix II – Statistical Class Codes  
Page 1

**APPENDIX II – STATISTICAL CLASS CODES**

Code	Phraseology	Premiums Assumed to be a Positive Value	Subject to Experience Mod.	How is the Exposure Expressed	Can Losses be Coded to this Class
0032	Loss Constant	Yes	No	Blank	No
0059	Occupational Disease-Abrasive/Sand Blast	Yes	Yes	Payroll	Yes
0063	Premium Discount – Type A	No	No	Blank	No
0064	Premium Discount – Type B	No	No	Blank	No
0065	Occupational Disease-Steel	Yes	Yes	Payroll	Yes
0066	Occupational Disease-Non Ferrous Metals	Yes	Yes	Payroll	Yes
0067	Occupational Disease-Iron	Yes	Yes	Payroll	Yes
<del>0088</del>	<del>Aircraft Surcharge</del>	<del>Yes</del>	<del>Yes</del>	<del>Number of Seats</del>	<del>No</del>
0277	All Risk Adjustment Program	Yes	No	Blank	No
0770	Non Ratable Element-Bag Loading Explosive or Ammo MFG.-& DR-NR	Yes	No	Payroll	No
0773	Non Ratable Element-High Explosive MFG. & DR-NR	Yes	No	Payroll	No
0774	Non Ratable Element-Smokeless Powder MFG.-1 Base & DR-NR	Yes	No	Payroll	No
0775	Non Ratable Element-Explosives or Ammo Case Loading & DR-NR	Yes	No	Payroll	No
0776	Non Ratable Element-Projectile Bomb ETC. Loading & DR-NR	Yes	No	Payroll	No





**National Council on  
Compensation Insurance**

**Exhibit 5**

**Laura Backus Hall, CPCU**  
State Relations Executive  
Regulatory Services Division

(P) 802-454-1800 (F) 802-454-1802  
Email: Laura\_Backus\_Hall@ncci.com

September 24, 2013

Mr. Paul Meagher, President  
The Workers Compensation  
Rating and Inspection Bureau of Massachusetts  
101 Arch Street, 5<sup>th</sup> Floor  
Boston, MA 02110-1103

Attention: Dan Crowley, Customer Service Dept.

**RE: ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

Dear Paul:

We are filing the above-captioned item in a number of NCCI jurisdictions. The attached filing memorandum describes the proposed changes.

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Sincerely,

A handwritten signature in black ink that reads "Laura Backus Hall". The signature is written in a cursive, flowing style.

Laura Backus Hall  
State Relations Executive

LBH:nek  
Attachments

## FILING MEMORANDUM

### ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES

---

#### PURPOSE

This item:

- Revises references to the Federal Coal Mine Safety and Health Act
- Discontinues the per passenger seat surcharge and its corresponding statistical codes
- Excludes fully fraudulent and/or noncompensable claims from the definition of incurred losses in the retrospective rating plan formula and the Loss Sensitive Rating Plan (LSRP) formula
- Removes endorsement number references included in NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)*

The following NCCI manuals are impacted by this item:

- *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- *Experience Rating Plan Manual*
- *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)*
- *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)*

#### BACKGROUND

##### Federal Mine Safety and Health Act

NCCI's *Basic Manual*, *Retrospective Rating Plan Manual*, and *Statistical Plan* contain several rules that reference the Federal Coal Mine Safety and Health Act. These references must be updated to conform with the current name, which is the Federal Mine Safety and Health Act (Act). The name of the current Act became effective with the enactment of the Federal Mine Safety and Health Act of 1977, which amended the Federal Coal Mine Health and Safety Act of 1969.

Additionally, NCCI's *Experience Rating Plan Manual* Rule 1-B contains the specific number reference to NCCI's Workers Compensation and Employers Liability Insurance Policy (Policy) and the Policy Period Endorsement. To avoid the need for a national filing to update NCCI's *Experience Rating Plan Manual* each time the Policy and/or endorsement number is revised, NCCI is removing the number reference from the rule content.

##### Per Passenger Seat Surcharge

The per passenger seat surcharge was established in 1947, concurrent with the introduction of Classification Code 7421—Aircraft or Helicopter Operation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew. The purpose of the per passenger seat surcharge is to provide a catastrophe load for the exposure of an insured's employees (other than flight crew) who may be injured while passengers on the insured's noncommercial, nonscheduled aircraft. The surcharge is applied to policies with Classification Code 7421 and must be charged in addition to the premium otherwise determined under Classification Code 7421. At its inception, the surcharge was \$35 per passenger seat, subject to a maximum of \$300 per aircraft. Currently, the per passenger seat surcharge is \$100 per passenger seat, subject to a maximum of

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## FILING MEMORANDUM

### **ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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\$1,000 per aircraft. Kansas, Oklahoma, and Virginia continue to apply a surcharge of \$35 per passenger seat, subject to a maximum of \$300 per aircraft.

For all states other than Arizona and Virginia, the per passenger seat surcharge and any associated losses are reported under Statistical Code 9108—Aircraft Operation for Reporting Passenger Seat Surcharge and Crash Losses to Employees Other Than Members of Crew. The premium reported to Statistical Code 9108 is not subject to experience rating; the losses reported to Statistical Code 9108 are not used in the experience rating calculation.

The per passenger seat surcharge is not applicable in Arizona.

For Virginia, the per passenger seat surcharge and any associated losses are reported under Statistical Code 0088—Aircraft Operation for Reporting Passenger Seat Surcharge and Crash Losses to Employees Other Than Members of Crew. While the losses reported to Statistical Code 0088 are not used in the experience rating calculation, the premium reported to Statistical Code 0088 is subject to experience rating.

Aircraft losses have historically been reported to Statistical Codes 0088 and 9108, which are excluded from NCCI's ratemaking. Since the per passenger seat surcharge was introduced, large loss procedures have been incorporated in both NCCI's experience rating and ratemaking procedures to temper the impact of single large loss claims and multi-claim occurrences.

In class ratemaking, individual claims are limited to \$500,000 and multi-claim occurrences are limited to \$1,500,000 with excess losses accounted for through the application of excess provisions incorporated in the ratemaking process. Claim limits vary by state for aggregate ratemaking and can be found in the technical supplement that accompanies each state's loss cost or rate filing.

Individual claims and multi-claim occurrences are also limited for purposes of calculating experience rating modifications. These limits are shown in each state's table of weighting values located in NCCI's ***Experience Rating Plan Manual***. Catastrophe losses are also excluded from experience rating per Rule 1-C-3 of NCCI's ***Experience Rating Plan Manual***.

The per passenger seat surcharge will be discontinued for the following reasons:

- In recent years, a minimal amount of premium has been reported under Statistical Codes 9108 and 0088
- Aircraft loss events are rare and the outcomes are uncertain
- Aircraft losses should be included in ratemaking since a large loss procedure and catastrophe provisions are now in place
- The per passenger seat surcharge does not address situations in which the insured has a separate legal entity solely for the aircraft exposure

Also, NCCI has identified another change unrelated to the per passenger seat surcharge issue. The footnote for the Total Standard Premium element in various state workers compensation premium algorithms provided in NCCI's ***Basic Manual*** has no direct relationship to the premium algorithm calculation; therefore, the footnote is being removed if shown in a state algorithm.

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## FILING MEMORANDUM

### ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES

#### **Exclusion of Fully Fraudulent and/or Noncompensable Claims From Retrospective Rating and LSRP**

Retrospective rating adjusts policy premium on the basis of incurred losses during the term of the policy. Incurred losses are defined in NCCI's *Statistical Plan* and include paid and outstanding losses. NCCI has determined that fully fraudulent claims, as defined in NCCI's *Statistical Plan* Part 6-P, and/or noncompensable claims, as defined in NCCI's *Statistical Plan* Part 6-K-5, should be excluded from the incurred losses used in retrospective rating and LSRP (where applicable). Currently, fully fraudulent and/or noncompensable claims are excluded and will continue to be excluded from experience rating when reported in accordance with NCCI's *Statistical Plan*. The exclusion of these types of claims from retrospective rating and LSRP will be consistent with the exclusion of these types of claims for experience rating purposes.

## PROPOSAL

### Federal Mine Safety and Health Act

It is proposed that the following list of national rules be revised to properly reference the Federal Mine Safety and Health Act. Revisions to state-specific rules are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rules 3-A-12-a, 3-A-20, 4-C-5-c(12)(b), and 4-C-9-f
- NCCI's *Retrospective Rating Plan Manual* Rules 1-B-1-c and 1-B-1-f
- NCCI's *Statistical Plan* Parts 1-L-2, 6-G, and 6-K-1

In addition, it is proposed that NCCI's *Experience Rating Plan Manual* Rule 1-B be revised to remove the number references to the Policy and the Policy Period Endorsement.

### Per Passenger Seat Surcharge

It is proposed that the following list of national rules be revised to discontinue the per passenger seat surcharge. Revisions to state-specific rules and workers compensation premium algorithms are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rules 3-A-20, 4-C-5-c(12)(b), and 4-C-9-f
- NCCI's *Basic Manual* Part Two—Classifications—Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew
- NCCI's *Retrospective Rating Plan Manual* Rules 1-B-1-c and 1-B-1-f
- NCCI's *Statistical Plan* Parts 3-F-2-b and 4-E-1-f(2)(a)
- NCCI's *Statistical Plan* Part 6-H-2 for Statistical Code 9108—Aircraft Operation—Passenger Seat Surcharge

The per passenger seat surcharge will be eliminated from the Miscellaneous Values pages of NCCI's *Basic Manual* effective January 1, 2015, for states where this item has received regulatory approval.

### Exclusion of Fully Fraudulent and/or Noncompensable Claims From Retrospective Rating and LSRP

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## FILING MEMORANDUM

### **ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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It is proposed that fully fraudulent and/or noncompensable claims, as defined in NCCI's *Statistical Plan* Parts 6-P and 6-K-5, be excluded from the definition of the incurred losses used for retrospective rating and LSRP. It is also proposed to revise the description of other types of losses currently excluded from incurred losses used for retrospective rating. These revisions to NCCI's *Retrospective Rating Plan Manual* Rule 1-B-1-c do not change the intent of the rule. Accordingly, it is proposed that the following list of national rules be revised. Revisions to state-specific rules are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rule 4-C-9-f
- NCCI's *Retrospective Rating Plan Manual* Rule 1-B-1-c

**Note:** Item B-1426 is being filed in conjunction with Item P-1411—Revisions to Forms Manual of Workers Compensation and Employers Liability Insurance. Item P-1411 proposes to revise references to the Federal Coal Mine Safety and Health Act, discontinue references to the per passenger seat surcharge, and revise references to fully fraudulent and noncompensable claims included in retrospective rating and the Loss Sensitive Rating Program (LSRP) in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance*. Items P-1411 and B-1426 should be adopted concurrently.

## IMPACT

### **Federal Mine Safety and Health Act**

No premium impact is expected as a result of any of the changes proposed in this item related to updating references to the Federal Coal Mine Safety and Health Act or removing endorsement number references from Rule 1-B of NCCI's *Experience Rating Plan Manual*.

### **Per Passenger Seat Surcharge**

The amount of statewide premium affected by this change is expected to be negligible.

To implement the elimination of the per passenger seat surcharge, the surcharge premium will no longer be collected and aircraft losses will begin to be reported to the applicable classification code, instead of a statistical code (Statistical Code 9108/0088), concurrent with the elimination of the surcharge. All else being equal, this will initially cause a slight decrease in premium.

In addition, the aircraft losses will be included in the experience used to calculate a risk's experience rating modification. This would create an approximate two-year time lag between the effective date of the elimination of the surcharge and the date that the aircraft losses would be incorporated into future loss costs/rates and experience rating modifications. All else being equal, this will cause a slight increase in premium in approximately two years.

While aircraft losses would be included in a risk's experience rating modification, these losses would be subject to the single-claim and multiple-claim loss limitations. For ratemaking, these losses would be subject to the large loss procedure. This procedure was not in place when the per passenger seat surcharge was introduced in 1947.

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FILING MEMORANDUM

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 DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
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**Exclusion of Fully Fraudulent and Noncompensable Claims from Retrospective Rating and LSRP**

The amount of statewide premium affected by this change is expected to be negligible.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

In all states except Hawaii, this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on January 1, 2015.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

Exhibit	Exhibit Comments	Implementation Summary
1	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 3-A-12-a</li> <li>• Refer to Exhibit 16 for NC State Rule Exception for Rule 3-A-12-c</li> <li>• Refer to Exhibit 16 for VA State Rule Exception for Rule 3-A-12</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	Revises NCCI's <i>Basic Manual</i> .
2	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 3-A-20</li> <li>• Refer to Exhibit 18 for VA State Rule Exception for Rule 3-A-20</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	
3	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 4-C-5-c(12)(b)</li> <li>• Applicable only to assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, VT, WV</li> </ul>	
4	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 4-C-9-f</li> <li>• Applicable only to assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, VT, WV</li> </ul>	
5	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part Two—Classifications—Code 7421—Aviation—Transportation of Personnel</li> </ul>	

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Exhibit	Exhibit Comments	Implementation Summary
	in Conduct of Employer’s Business—Flying Crew <ul style="list-style-type: none"> <li>• Refer to Exhibit 16 for OR State Rule Exception for Code 7421</li> <li>• Refer to Exhibit 19 for VA State Rule Exception for Code 7421</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	
6	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B</li> <li>• Not recommended in MN, TX, WI</li> </ul>	Revises NCCI’s <i>Experience Rating Plan Manual</i> .
7	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B-1-c; applicable only to voluntary policies</li> <li>• Refer to Exhibit 16 for FL, MA, MN, TX, and WI, and Exhibit 18 for NC State Rule Exceptions for Rule 1-B-1-c</li> </ul>	Revises NCCI’s <i>Retrospective Rating Plan Manual</i> .
8	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B-1-f; applicable only to voluntary policies</li> <li>• Refer to Exhibit 17 for FL, MA, MN, TX and WI State Rule Exceptions for Rule 1-B-1-f</li> </ul>	
9	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 1-L</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	
10	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 3-F-2-b</li> <li>• Refer to Exhibit 21 for VA State Exception for Part 3-F-2-b</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	Revises NCCI’s <i>Statistical Plan</i> .
11	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 4-E-1-f(2)(a)</li> <li>• Refer to Exhibit 22 for VA State Exception for Part 4-E-1-f(2)(a)</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	

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Exhibit	Exhibit Comments	Implementation Summary
12	<ul style="list-style-type: none"> <li>Includes the proposed national revisions to Part 6-G</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
13	<ul style="list-style-type: none"> <li>Includes the proposed coding value revision for all states except AZ and VA for national Part 6-H-2, Statistical Code 9108</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
14	<ul style="list-style-type: none"> <li>Includes the proposed national revisions to Part 6-K-1</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
15	<ul style="list-style-type: none"> <li>Includes the proposed revisions to each state's individual workers compensation premium algorithm in the voluntary market, where applicable</li> <li>Includes the proposed revisions to each state's individual assigned risk workers compensation premium algorithm in the assigned risk market, where applicable</li> <li>For WV, additional information has been added to certain premium element explanatory notes in the WV Assigned Risk Workers Compensation Premium Algorithm</li> <li>Not recommended in MA, MN, TX, WI</li> </ul>	Revises NCCI's <i>Basic Manual</i> .
16	Includes the proposed revision for the AZ State Exception to Part 3-F-2-b.	Revises NCCI's <i>Statistical Plan</i> .
	Includes the proposed revisions to the FL State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the IN State Rule Exception for Rule 4-H; applicable only to assigned risk policies.	
	Includes the proposed revisions to the KS Miscellaneous Rules, Part One, Rule 2-f; applicable to assigned risk policies only.	Revises NCCI's <i>Basic Manual</i> .

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Exhibit	Exhibit Comments	Implementation Summary
	Includes the proposed revisions to the MA State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed establishment of the MN State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	
	Includes the proposed revisions to Rule 2-A-7; applicable only to assigned risk policies.	Revises NCCI's <i>New Mexico Workers' Compensation Assigned Risk Pool Manual (NMARM)</i> .
	Includes the proposed revisions to the NC State Rule Exception for Rule 3-A-12-c.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed revisions to the OR State Special phraseology for Classification Code 7421.	
	Includes the proposed revisions to the TX State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the VA State Rule Exception for Rule 3-A-12.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed establishment of the WI State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
17	Includes the proposed revision for the AZ State Exception to Part 4-E-1.	Revises NCCI's <i>Statistical Plan</i> .
	Includes the proposed revisions to the FL State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the KS Miscellaneous Rules, Part One, Rule 5; applicable to assigned risk policies only.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed revisions to the MA State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .

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Exhibit	Exhibit Comments	Implementation Summary
	Includes the proposed establishment of the MN State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	
	Includes the proposed revisions to Rule 10-B-2-b; applicable only to assigned risk policies.	Revises NCCI's <b>MMARM</b> .
	Includes the proposed revisions to the NC Workers Compensation Insurance Plan, Section I—Definitions; applicable to assigned risk policies only.	Revises NCCI's <b>Basic Manual</b> .
	Includes the proposed revisions to the TX State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <b>Retrospective Rating Plan Manual</b> .
	Includes the proposed discontinuation of the assigned risk VA State Rule Exception for Rule 3-A-12. The voluntary and assigned risk VA exceptions for <b>Basic Manual</b> Rule 3-A-12 are identical; therefore, it is not necessary to have duplicate rules apply separately for both markets.	Revises NCCI's <b>Basic Manual</b> .
	Includes the proposed revisions to the WI State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <b>Retrospective Rating Plan Manual</b> .
18	<ul style="list-style-type: none"> <li>• Includes the proposed revisions to Appendix, Article II-2</li> <li>• In addition to the Act name, NCCI has determined that the formatting of certain statutory citations must be updated</li> <li>• Applicable only to assigned risk policies</li> </ul>	Revises NCCI's <b>MMARM</b> .
	Includes the proposed establishment of the NC State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <b>Retrospective Rating Plan Manual</b> .
	Includes the proposed revisions to the VA State Rule Exception for Rule 3-A-20.	Revises NCCI's <b>Basic Manual</b> .

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19	Includes the proposed update to the phraseology and description to discontinue references to the per passenger seat surcharge for Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew.	Revises the Virginia Special Classifications section of NCCI's <i>Basic Manual</i> .
20	Includes the proposed coding value revision specific to VA for national Part 6-H-1, Statistical Code 0088.	Revises NCCI's <i>Statistical Plan</i> .
21	Includes the proposed revision for the VA State Exception to Part 3-F-2-b.	
22	Includes the proposed revision for the VA State Exception to Part 4-E-1-f(2)(a).	

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**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**12. Coal Mine Disease Charge (Federal ~~Coal~~ Mine Safety and Health Act)**

- a. In states where disease coverage is provided for risks subject to the Federal ~~Coal~~ Mine Safety and Health Act, this coverage is not subject to:
- Experience rating
  - Premium discounts
  - Retrospective rating

*Refer to the **Statistical Plan for Workers Compensation and Employers Liability Insurance** for the applicable codes to report disease experience where there is liability under the Federal ~~Coal~~ Mine Safety and Health Act.*

- b. Advisory loss costs or rates for this coverage and any underlying state law coverage for disease are shown separately in the state pages.
- c. Advisory loss costs or rates for employers not described by a coal mine classification and for former coal mine operators are determined by the carrier, and are not shown separately in the state pages.
- d. In states where there are no coal mines, the state pages will not include the advisory loss cost and rate information for this coverage.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 2  
BASIC MANUAL—2001 EDITION  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**20. Standard Premium**

Standard Premium is the premium before the application of the premium discount.

It is the state premium determined on the basis of:

- Authorized rates
- Disease loadings
- Nonratable elements
- ~~Aircraft seat surcharges~~
- Premium for increased limits of liability
- Experience rating modification
- Applicable schedule rating modification
- Minimum premiums

Total Standard Premium is the total premium for all states covered by the policy excluding expense constant, additional charges for the catastrophe provisions detailed in Rule 3-A-24, and any disease charge subject to the Federal ~~Coal Mine Safety and Health and Safety~~ Act before the application of the premium discount.

*Refer to state pages concerning the application of the above rating elements, or any state special rating elements.*

**Note:** The Annual Financial Calls for experience, which are used for ratemaking, contain a different definition of standard premium.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 3  
BASIC MANUAL—2001 EDITION  
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
C. LOSS SENSITIVE RATING PLAN  
5. LSRP DEFINITIONS  
c. ELEMENTS OF THE LSRP**

**(APPLIES ONLY TO ASSIGNED RISK POLICIES IN: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS,  
NC, NH, NV, OR, SC, SD, VT, WV)**

**(12) LSRP Standard Premium (SP)**

- (a) LSRP standard premium (SP) is determined on the basis of authorized rates (including premium developed from payroll assigned to aircraft classifications), and includes any:
- Increased limits of liability
  - Experience rating modification
  - Deductible credit, if applied
  - ARAP and/or assigned risk surcharge programs and/or other assigned risk pricing programs other than LSRP
  - Minimum premium
- (b) Determination of LSRP standard premium must exclude:
- Premium resulting from non-ratable elements
  - ~~Premium developed by the passenger seat surcharge under Code 7421~~
  - Premium discount
  - Premium developed by the occupational disease rates for employers subject to the Federal ~~Coal~~ Mine Safety and Health Act
  - Expense constant
  - Premium developed by catastrophe provisions in accordance with Rule 3-A-24
- (c) LSRP standard premium is calculated differently than standard premium as defined in Rule 3-A-20.
- (d) LSRP standard premium may change before, during, and/or after a policy period due to reasons including, but not limited to:
- Premium endorsements
  - Preliminary and/or final audits
  - A change in ownership or combinability status in accordance with NCCI's *Experience Rating Plan Manual*

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**EXHIBIT 4  
BASIC MANUAL—2001 EDITION  
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
C. LOSS SENSITIVE RATING PLAN  
9. LSRP VALUATION  
(APPLIES ONLY TO ASSIGNED RISK POLICIES IN: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS,  
NC, NH, NV, OR, SC, SD, VT, WV)**

**f. Treatment of Incurred Losses in Valuation Calculation**

For purposes of calculating LSRP (additional/return) premium, certain losses associated with classifications or rating and/or pricing programs are treated in accordance with the Loss Treatment Table.

**Loss Treatment Table**

<b>Program or Loss Type</b>	<b>Treatment</b>
<del>Losses associated with aircraft passenger seat surcharge reported under Code 9108</del>	<del>Exclude losses</del>
Deductible programs	Include all losses at the net amount, regardless of net/gross reporting
Federal Coal Mine Safety and Health Act	Exclude the disease-related portion of losses covered under the Act
Catastrophe provisions in accordance with Rule 3-A-24	Exclude losses
Any other losses where premium is non-ratable	Exclude losses
<u>Losses that are reported as fully fraudulent according to the <b>Statistical Plan</b></u>	<u>Exclude losses</u>
<u>Losses that are reported as noncompensable according to the <b>Statistical Plan</b></u>	<u>Exclude losses</u>

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 5  
BASIC MANUAL—2001 EDITION  
PART TWO—CLASSIFICATIONS**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VT, WV)**

**7421 AVIATION—Transportation of Personnel in Conduct of Employer's Business—Flying Crew**

Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who operate fixed-wing aircraft in the conduct of the employer's business. If the records of the employer clearly indicate the weeks in which such employees perform flying: (1) only the payroll for each week during any part of which the employee has engaged in flight duties is to be assigned to this classification, unless the classification applicable to the employee's nonflying operations carries a higher rate, in which case that classification will apply. (2) The payroll for each week in which no flying has been done is to be assigned to those classifications that would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees must be assigned to this classification unless the classification applicable to the employee's nonflying operations carries a higher rate, in which case that classification will apply.

~~A per passenger seat surcharge, subject to a maximum surcharge per aircraft, must be charged in addition to the premium otherwise determined under this classification.~~

~~These surcharges will not be cumulative in the event of substitution of aircraft during the policy period, but these surcharges will be cumulative in the event that more than one aircraft is owned or operated during the same policy period. The premium for these surcharges will not be subject to any experience rating modification. These surcharges will not be subject to the pro rata or short rate adjustment except in the event of cancellation of the policy. These surcharges and losses incurred under the policy, other than to members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 9108. The per passenger seat surcharge and the maximum surcharge per aircraft are shown under "Miscellaneous Values" on the state rate pages. Attach Aircraft Premium Endorsement (WC 00-04-01).~~

Employees who are transported as passengers and who are not members of the flying crew are to have their payroll and losses assigned to their standard occupational classification.

Commercial aircraft operation to be separately rated. Separately rate all other employees and drivers.



**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 6  
EXPERIENCE RATING PLAN MANUAL—2003 EDITION  
RULE 1—GENERAL EXPLANATIONS****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME,  
MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****B. MANDATORY PLAN**

1. The *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements in Rule 2-A. *Refer to the state rules for exceptions to this Plan's national rules.* A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.
2. Any action taken in any form to evade the application of an experience rating modification determined in accordance with this Plan is prohibited.
3. The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the anniversary rating date, which occurs on or after the effective date of the change. *Refer to Rule 2-B for more information about anniversary rating dates and rating effective dates.*
4. The Standard Workers Compensation and Employers Liability Insurance Policy ~~(WC 00 00 00 A)~~ provides the rating organization with the authority to examine and audit all records that relate to the policy. The application of this Plan's rules may be affected by the inclusion of mandatory and/or advisory endorsements found in the *Forms Manual of Workers Compensation and Employers Liability Insurance*.
5. The rules of this Plan are based on policy periods not longer than one year.
  - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
  - b. A policy issued for a period longer than one year and 16 days is treated as follows:
    - The policy period is divided into consecutive 12-month units.
    - The Policy Period Endorsement ~~(WC 00 04 05)~~ specifies the first or last unit of less than 12 months as a short-term policy.
    - All manual rules and procedures apply to each such unit as if a separate policy had been issued for each unit.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**EXHIBIT 9  
STATISTICAL PLAN—2008 EDITION  
PART 1—GENERAL RULES**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**L. COAL MINE AND BLACK LUNG DISEASE EXPERIENCE**

Experience incurred for underground and surface coal mine operators, which are classified in accordance with the *Basic Manual*, and any risks exposed to Black Lung Disease (also known as Coal Workers' Pneumoconiosis) must be filed according to the rules of this Plan.

**1. Reporting of Classification Code and Corresponding Statistical Code**

Experience for traumatic and occupational disease, other than Black Lung Disease, must be reported with the applicable classification code. Black Lung Disease experience for state and/or federal acts must be reported separately from the classification code under the corresponding statistical code.

Following are the classification codes along with their corresponding statistical codes for Black Lung Disease:

<b>Classification Code</b>	<b>Statistical Code</b>
1016—Coal Mining NOC	0158—Black Lung Disease Experience in Connection With Code 1016
1005—Coal Mining—Surface and Drivers	0156—Black Lung Disease Experience in Connection With Code 1005
Any non-coal mining classification code	0164—Black Lung Disease Experience in Connection With Any Classification Other Than Coal Mine Code

**2. Reporting of Experience for Federal Act Only**

If Black Lung Disease coverage has been provided under the Federal ~~Coal Mine Safety and Health and Safety~~ Act only without state act coverage, experience for the Black Lung Disease must be reported under Statistical Code 0164 (Black Lung Disease Experience for Federal Benefits Only). Exposure Act/Exposure Coverage Code 03 and Loss Condition Act Code 03 (Coverage Under the Federal ~~Coal Mine Safety and Health and Safety~~ Act Only) must also be used when reporting the exposure, premium, and corresponding losses.

**3. Reporting of Traumatic and Occupational Disease Experience (Other Than Black Lung Disease)**

a. Exposure and losses for traumatic and occupational disease experience, other than Black Lung Disease, must be reported under the applicable classification code. The appropriate Exposure Act/Exposure Coverage and Loss Condition Act codes must also be reported for the classification code.

**Note:** Exposure Act/Exposure Coverage Codes 03 and 04 are not valid.

**Note:** Assignment of Injury Description Code—Nature of Injury that represents the traumatic or Non-Black Lung Disease claim must also be reported appropriately. Nature of Injury Code 62—Black Lung is not valid for these claims.

**4. Reporting of Black Lung Disease (Coal Workers' Pneumoconiosis) Experience**

Black Lung Disease experience reporting requirements are as follows:

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 9 (CONT'D)  
STATISTICAL PLAN—2008 EDITION  
PART 1—GENERAL RULES****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****a. Exposure and Premium**

Exposure and premium charged for Black Lung Disease coverage under State Act and/or Federal ~~Coal Mine Safety and Health and Safety Act~~ are reported separately from the classification code(s) manual premium.

Black Lung Disease premium is not subject to experience rating, premium discounts, or retrospective rating, and it is not included in the Standard Premium.

Black Lung Disease exposure and premium must be reported under the appropriate statistical code as follows, based on the following coverage provided on the policy:

- State Act only coverage—Use Exposure Act/Exposure Coverage Code (01)—State Act or Federal Act Excluding USL&HW and Federal ~~Coal Mine Safety and Health and Safety Act~~
- Federal Act only coverage—Use Exposure Act/Exposure Coverage Code (03)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ Only
- Federal and State Act coverage—Use Exposure Act/Exposure Coverage Code (04)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~

**b. Losses**

Losses resulting from Black Lung Disease coverage under State Act and/or Federal ~~Coal Mine Safety and Health and Safety Act~~ are reported separately from the classification code.

Black Lung Disease losses must be reported under the appropriate statistical code as follows, based on the following benefits paid or payable under the policy:

- State Act only benefits—Use Loss Condition Act Code (01)—State Act or Federal Act Excluding USL&HW and Federal ~~Coal Mine Safety and Health and Safety Act~~
- Federal Act only benefits—Use Loss Condition Act Code (03)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ Only
- Federal and State Act benefits—Use Loss Condition Act Code (04)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ and the State Act

**Note:** Assignment of Injury Description Code—Nature of Injury that represents the Black Lung Disease claim must also be reported appropriately.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 10  
STATISTICAL PLAN—2008 EDITION  
PART 3—EXPOSURE INFORMATION  
F. EXPOSURE AMOUNT**

**2. Nonpayroll Exposure**

**(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**b. Aircraft Operation—Passenger Seat Exposure**

**For Policies Effective January 1, 2015, and Subsequent:**

Aircraft Operations—Passenger Seat Exposure no longer applies because the separate surcharge and Statistical Code 9108 for nonflying crew employees were discontinued.

For policies that include Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew, report all exposure and any losses for members of the flying crew to Classification Code 7421.

For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.

**For Policies Effective Prior to January 1, 2015:**

Report the number of seats as 1.0 per seat.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 11  
STATISTICAL PLAN—2008 EDITION  
PART 4—LOSS AND EXPENSE INFORMATION  
E. CLAIM COMPONENTS**

**1. Required Claim Components**

**f. Classification Code**

**(2) Additional Classification Code Loss Reporting**

**(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**(a) Aircraft Operation Losses**

**For Policies Effective January 1, 2015, and Subsequent:**

For policies that include Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew, report all exposure and any losses for members of the flying crew to Classification Code 7421.

For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.

**For Policies Effective Prior to January 1, 2015:**

~~Losses related to employees of the risk, other than members of the flying crew, arising out of the operation of an aircraft must be reported under the designated aircraft operation class code. Losses incurred under the policy—other than to members of the flying crew—must be reported under Statistical Code 9108—Aircraft Operation—Passenger Seat Surcharge.~~

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES****EXHIBIT 12  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****G. EXPOSURE ACT/EXPOSURE COVERAGE CODE**

This is a two-digit code that identifies the type of exposure coverage.

<b>Code</b>	<b>Type of Exposure Coverage</b>
<b>00</b>	<b>For Use With Statistical Codes Only</b>
<b>01</b>	<b>State Act or Federal Act Excluding USL&amp;HW and Federal <del>Coal-Mine Safety and Health and Safety Act</del>:</b> Coverage for benefits paid to employees injured as the result of a workplace accident under the state workers compensation law or federal compensation laws, excluding coverage under the United States Longshore and Harbor Workers' Compensation Act and the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>02</b>	<b>USL&amp;HW F-Classes or USL&amp;HW Coverage on Non-F-Classes:</b> <ul style="list-style-type: none"> <li>• Coverage for benefits paid to employees injured as the result of a workplace accident under the USL&amp;HW Act.</li> <li>• Extension of the USL&amp;HW Act to non-F-class operations, which involve some employees subject to the USL&amp;HW Act for an additional premium charge.</li> </ul>
<b>03</b>	<b>Coverage Under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> Only:</b> <ul style="list-style-type: none"> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> excluding the state act for coal mine class codes. Disease is covered under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> only.</li> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> for non-coal mine class codes.</li> </ul>
<b>04</b>	<b>Coverage Under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> and the State Act:</b> <ul style="list-style-type: none"> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> in addition to the state act for coal mine class codes. Coverage for disease is provided under both the state act and the Federal <del>Coal-Mine Safety and Health and Safety Act</del>.</li> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> in addition to the state act for non-coal mine class codes.</li> </ul>
<b>06</b>	<b>Coverage Under State Act Excluding Medical Coverage:</b> Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except that the insured pays for all medical and hospital services as required by workers compensation law.
<b>07</b>	<b>Excess Benefits Coverage:</b> Applies in Maryland, Virginia and West Virginia only, as follows:  <b>Maryland Exception:</b> Code 07 for Excess Benefits Coverage applies in Maryland. Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except coverage that was endorsed by the Excess Special Endorsement. When excess benefits coverage is provided in Maryland, the following rules govern the reporting of loss data: <ul style="list-style-type: none"> <li>• Each loss must be valued separately under the Maryland Workers Compensation Law.</li> </ul>

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 12 (CONT'D)  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**Code    Type of Exposure Coverage**

- The valuation on the basis of the Maryland law must be reported according to the rules of this Plan.
- The valuation under the excess benefits (e.g., Maryland law subcontracted from the valuation under the District of Columbia law) must be reported.

**Virginia Exception:** Code 07 for Excess Benefits Coverage applies in Virginia. Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except coverage that was endorsed by the Excess Special Endorsement.

**West Virginia Exception:** Code 07 applies in West Virginia in connection with Deliberate Intent (Mandolidis) Coverage only, when endorsed on a workers compensation/employers liability policy or when provided as an excess policy.

**08    Reserved for Future Use**

**09    Endorsed Maritime Coverage:** Coverage described under the Standard Workers Compensation Including Employers Liability Policy, which is endorsed to provide coverage for bodily injury to a master or member of the crew of any vessel.

**Louisiana Exception:** Code 09 for Endorsed Maritime Coverage applies in Louisiana only.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 13  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES**

**H. STATISTICAL CODES**

(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**2. Premium Amount *Not Subject* to Experience Modification Factor**

**Premium Amount *Not Subject* to Experience Modification Factor**

Description	Stat Code	Premium Credit (-) or Debit (+)	Applicable States <sup>(1)</sup>	Effective Date	Discontinuation Date
Aircraft Operation—Passenger Seat Surcharge <sup>(2)</sup>	9108	+	All States Except AZ, VA	07/86	<u>12/31/14</u>

<sup>(1)</sup> Premium programs apply to all states listed unless otherwise noted.

<sup>(2)</sup> Reported with the number of seats in the exposure field.



**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 14  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES  
K. LOSS CONDITION CODE**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**1. Act—Loss Conditions**

The first component of Loss Conditions consists of two digits for the Act.

<b>Code</b>	<b>Description</b>
<b>01</b>	<b>State Act or Federal Act excluding USL&amp;HW and Federal <del>Coal-Mine Safety and Health and Safety Act</del></b> : A claim with benefits determined according to the workers compensation law or federal compensation laws, excluding United States Longshore and Harbor Workers' Compensation Act and excluding coverage under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>02</b>	<b>USL&amp;HW F-Classes and USL&amp;HW coverage on Non-F-Classes</b> : A claim with benefits determined according to the United States Longshore and Harbor Workers' Compensation Act.
<b>03</b>	<b>Federal <del>Coal-Mine Safety and Health and Safety Act Only</del></b> : A claim with benefits determined according to the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>04</b>	<b>Federal <del>Coal-Mine Safety and Health and Safety Act</del> and the State Act</b> : A claim with benefits determined according to the Federal <del>Coal-Mine Safety and Health and Safety Act</del> and state workers compensation law.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 16  
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION  
MASSACHUSETTS STATE RULE EXCEPTIONS  
RULE 1—GENERAL EXPLANATION  
B. DEFINITIONS  
1. GENERAL DEFINITIONS  
(APPLIES ONLY TO VOLUNTARY POLICIES IN: MA)**

**c. Incurred Losses**

Change Rule 1-B-1-c as follows:

Incurred losses used in the rating formula for determining premium under this retrospective rating plan are those reported under the rules of the *Massachusetts Workers' Compensation Unit Statistical Plan*, Part I: Unit Statistical Reporting. Incurred losses include paid and outstanding losses.

If the ALAE Option is elected, then incurred losses will include ALAE.

Refer to the above Massachusetts definition of Allocated Loss Adjustment Expense (ALAE) when including ALAE as part of incurred losses.

**Note:** The rating formula for incurred losses will not include a loss:

- Resulting from the nonratable element codes
- ~~Developed by the passenger seat surcharge under Classification Code 7421~~
- ~~For the disease-related portion of losses covered under Developed by the occupational-disease rates for employers subject to the Federal Coal-Mine Safety and Health Act~~
- Resulting from the application of ~~Developed by the~~ Terrorism Insurance Program as outlined in the *Massachusetts Workers Compensation and Employers Liability Insurance Manual*
- Reported as noncompensable according to the *Massachusetts Workers' Compensation Unit Statistical Plan*, Part I: Unit Statistical Reporting

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 17  
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION  
MASSACHUSETTS STATE RULE EXCEPTIONS  
RULE 1—GENERAL EXPLANATION  
B. DEFINITIONS  
1. GENERAL DEFINITIONS  
(APPLIES ONLY TO VOLUNTARY POLICIES IN: MA)**

**f. Standard Premium**

Change Rule 1-B-1-f as follows:

The standard premium used in the calculation of retrospectively rated premiums should equal the sum of Standard Premium and All Risk Adjustment Program (ARAP) surcharge as defined in Appendix E—Voluntary Premium Algorithm within the *Massachusetts Workers' Compensation & Employers Liability Insurance Manual*.

**Note:** For retrospective rating purposes standard premium does not contemplate:

- Premium resulting from the nonratable element codes
- ~~Premium developed by the passenger seat surcharge under Classification Code 7421-~~
- Premium developed by the occupational disease rates for employers subject to the Federal ~~Coal~~-Mine Safety and Health Act