March 24, 2016

Massachusetts Workers’ Compensation
Assigned Risk Pool

MASSACHUSETTS WORKERS’ COMPENSATION
ASSIGNED RISK POOL

SPECIAL BULLETIN NO. 04-16

MASSACHUSETTS WORKERS’ COMPENSATION ASSIGNED RISK POOL
PLAN OF OPERATION
UPDATES TO PERFORMANCE STANDARDS

Attached is a copy of the Performance Standards that were approved by the Division of Insurance, to be effective July 1, 2016. Additions to the Performance Standards are shown in blue underline and deletions are shown in red strikethrough. A clean copy of the Performance Standards can be found at www.wcribma.org in the Residual Market section under the General Residual Market Resources tab.

If you have any questions, please feel free to contact me at 617-646-7594 or dcrowley@wcribma.org or Christine Cronin at 617-646-7544 or ccronin@wcribma.org.

Daniel M. Crowley, CPCU
Vice President –Customer Services & Residual Market

Attachment
PERFORMANCE STANDARDS FOR ASSIGNED CARRIERS

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PERFORMANCE STANDARDS FOR ASSIGNED CARRIERS

The following are the minimum performance standards for Servicing Carriers and Voluntary Direct Assignment Carriers. These Standards apply whether or not the carrier performs the services in-house or contracts with outside service providers. Standards that apply to both Servicing Carriers and Voluntary Direct Assignment Carriers will reference “assigned carriers.” Certain standards are only applicable to servicing carriers and will be identified as such. Assigned carriers are also responsible for complying with all statutes, regulations, and Pool rules and performance standards.

These Performance Standards (“Standards”) have been created and are maintained by the Workers’ Compensation Rating and Inspection Bureau of Massachusetts (“WCRIBMA”) in its role as the administrator of the Massachusetts Workers’ Compensation Assigned Risk Pool and have been approved by the Massachusetts Commissioner of Insurance (“Commissioner”).

Failure to maintain these Standards may result in penalties being imposed upon the assigned carrier by the WCRIBMA in accordance with Article VII of the Pool’s Plan of Operation and Article V of the VDAC Program and the other provisions in this Appendix. An assigned carrier’s failure to maintain these Standards could be used as a factor in determining whether a Servicing or Voluntary Direct Assignment Carrier’s designation should be rescinded.

Each servicing carrier shall locate and provide all files, or exact duplicates, within the time allotted by the Pool or any of its on-site or remote auditors appointed pursuant to the “Determining the Servicing Carrier Fee” section of this Appendix, no. 8. Failure to provide such files will result in the effects described in no. 4 of the section entitled, “Translating Compliance Ratios into an Effect on the Servicing Carrier Fee.”

For purposes of these Standards, the following meanings shall apply:

- The day following the date of receipt, issuance, or other required action is counted as the first day.
- ‘Days’ shall refer to calendar days, unless otherwise specified.
- ‘New Business’ is defined as the first year that an employer is assigned to the carrier by the WCRIBMA. Block transferred policies are considered ‘new business’ to the receiving carrier, while policies that have been reassigned to the same carrier with a gap of no more than six months are not considered ‘new business.’
- ‘Good faith’ is defined as an observance of reasonable commercial standards of fair dealing.
A. UNDERWRITING AND AUDIT

1. POLICY ISSUANCE

   a. General Information

       Assigned carriers shall have operational responsibility for issuing policies accurately, utilizing forms prescribed by the WCRIBMA and/or approved by the Commissioner.

       Assigned carriers must attach the most recent version of the following endorsements onto all Massachusetts assigned risk policies:

       - Notification of Change in Ownership Endorsement
       - MA Terrorism Risk Insurance Program Reauthorization Act Endorsement
       - MA Limits of Liability Endorsement
       - MA Assessment Charge
       - MA Notice to Policyholder Endorsement
       - MA Limited Other States Insurance Endorsement
       - MA Assigned Risk Pool Eligibility Endorsement
       - MA Premium Due Date Endorsement
       - MA Cancellation Endorsement
       - MA Policy Definition Endorsement

       All policies shall be issued in consideration of premiums and additional fees and charges as may be authorized by the WCRIBMA and approved by the Commissioner. Premium shall be calculated in accordance with the Massachusetts Residual Market Premium Algorithm. Assigned carriers shall not impose unauthorized charges to the employer to defray carrier costs or for any other reason, of either paper or electronic billing or policy distribution.

       All policies must have the proper experience rating applied, in accordance with the approved rules of the Experience Rating Plan Manual and the published Massachusetts Exceptions.

       Assigned carriers are responsible for maintaining adequate safeguards to assure insurer compliance with all statutes, regulations, pool procedures, these Performance Standards, and all terms and conditions of the policy contract, including endorsements.

       Proof of coverage (state filing) effective periods shall coincide with policy coverage periods.

   b. New Business

       Within five (5) business days of the assigned carrier’s receipt of the Notice of Assignment from the WCRIBMA, the carrier must send a letter to the insured that includes:

       - Carrier telephone numbers
       - Key contact information
Massachusetts Assigned Risk Pool Plan of Operation

- Information on where and how to file claims
- Where and how to obtain certificates of insurance
- The policy number or other means of policy identification.

The policy will be accurately issued within 30 days from the date the Notice of Assignment, required premium, and properly completed application are received from the WCRIBMA.

If the application sent by the WCRIBMA to the insurer along with the Notice of Assignment is not properly completed, any missing information shall be requested from the producer and/or the insured.

If a question of eligibility arises, the carrier shall contact the WCRIBMA. If the employer is found to be ineligible for assigned risk coverage, the time standard for policy issuance is suspended as of the date of documented contact with the WCRIBMA. If the assigned carrier cannot resolve the eligibility issue within five days of contacting the WCRIBMA, the carrier must notify the WCRIBMA immediately, and the WCRIBMA will advise if the coverage should be rescinded or the policy should be cancelled. The time standard restarts on the date the resolution of the eligibility issue is communicated by the assigned carrier to the WCRIBMA. When the time standard is restarted, the assigned carrier has the balance of the 30-day time period or ten days, whichever is greater, to issue the policy.

c. Renewal Quotes and Policies and Non-Renewal Notices

At least 45 days, but not more than 100 days prior to the expiration of the policy, the assigned carrier shall send a renewal proposal as appropriate to the employer and the producer of record and retain a copy of the proposal for its record. The renewal proposal must contain the following:

- The expiration date of the current policy
- The amount of the deposit premium
- The Due Date for the deposit premium, which shall be twenty (20) days prior to the current policy’s expiration date (“Due Date”).
- The following statement: “Payment of the deposit premium will constitute the employer’s acceptance of and agreement to the terms and conditions of the policy.”
- In accordance with MA 211 CMR 113.00, assigned carriers must offer medical and indemnity benefits, deductibles on all assigned risk policies. As the WCRIBMA notifies applicants of the availability during the application process, the carriers are only required to notify their insureds upon renewal.

If the required deposit premium is received by the Due Date, the assigned carrier will issue an accurate renewal policy within thirty (30) days after the
receipt of the required deposit premium. Note that if the postmark date is not legible, then the receipt date should be utilized.

If the required deposit premium is not received-postmarked by the Due Date, the assigned carrier must send a Notice of Non-Renewal to the employer, the producer and the WCRIBMA. The Notice of Non-Renewal must include the reason for nonrenewal and must state, “Your policy will terminate on the policy expiration date, xx/xx/xxxx.” (Provide the exact date.) The Notice of Non-Renewal must be sent in enough time so that the insured and the WCRIBMA receive the Notice at least ten (10) days prior to the expiration date of the current policy. The assigned carrier must, at a minimum, retain for its records a certificate of mailing receipt from the United States Postal Service showing the name and address of the insured as stated in the policy.

2. PAYROLL AND CLASSIFICATION VERIFICATION

Prior to the issuance of a policy, and during the policy period as new information becomes available, the assigned carrier shall review the name of the business, the description of operations, the payroll and classification codes, and any information the carrier has available to ensure that the policy premium being charged is reasonable.

When there is reason to doubt the accuracy of the annual exposure base or whether the insured has been properly classified, the assigned carrier shall verify the information provided through interim audit or by obtaining additional information from the employer. The carrier should make sound underwriting judgments in adjusting the annual exposure.

If the assigned carrier has reason to believe that the risk is improperly classified, the carrier shall provide the WCRIBMA with sufficient information to determine whether a classification change is appropriate. Note that assigned carriers are not required to notify the WCRIBMA before adding or deleting classifications for temporary employment agencies and/or construction operations.

The assigned carrier shall consider the effects of inflation, economic trends in the insured’s industry, employment level changes in the insured’s operation, and utilize the latest available audit and claim history information to develop current policy premium and deposit premium.

During the policy term, the carrier may discover or receive, either through audit, claim information, loss control survey, or other means, verifiable payroll information that is not consistent with the annual exposure base or classification information that raises doubts about the accuracy of the policy’s classifications. The assigned carrier must investigate and decide whether a change is necessary and determine a course of action within 30 days of the discovery or receipt of the new information.
3. **ENDORSEMENTS**

   a. When an endorsement is requested by the insured, the assigned carrier must:
      
      1) Within 10 days of the receipt of the request, either:
          
          a) Issue a denial of the endorsement along with an explanation of the reason(s) of the denial, or
          
          b) Request any additional information that may be required. The request should state that if the additional information is not received within 20 days, the endorsement request will not be honored.

      2) Accurately issue the endorsement within 20 days of the receipt of the request or all requested information.

   b. When it is determined by the assigned carrier that an endorsement is necessary, the carrier must issue such endorsement within 45 days of making that determination. The assigned carrier must have procedures in place to compare final audit reports with renewal payrolls and other information to determine if any additional endorsements are necessary. The assigned carrier must issue an additional premium endorsement if the additional premium generated is at least $500 or 25% of the estimated annual premium, whichever is the lesser amount.

4. **CANCELLATIONS**

   a. Cancellations Initiated by the Insured or Their Authorized Representative

   Written requests for cancellation submitted by the insured or their authorized representative (for example, the producer or finance company with Power of Attorney,...) must be processed and a Notice of Cancellation must be issued within five business days after the receipt of the request and required documentation.

   The effective date of the cancellation must be determined by the assigned carrier to ensure that either 1) ten (10) days written notice of such cancellation is given to the WCRIBMA, or 2) the cancellation date coincides with a record of replacement coverage that is on file with the WCRIBMA.

   A Notice of Cancellation, reflecting the reason and effective date of cancellation, must be sent to the WCRIBMA, the insured and any authorized representative or finance company.

   The assigned carrier must, at a minimum, retain for its records a certificate of mailing receipt from the United States Postal Service showing the name and address of the insured as stated in the policy.

   b. Cancellations Initiated by the Assigned Carrier
Massachusetts Assigned Risk Pool Plan of Operation

Cancellation and notification procedures will be initiated by the assigned carrier in accordance with M.G.L., Chapter 152, Sections 63 and 65B, in the following cases as permitted by Section 55A:

(i) nonpayment of premium
(ii) fraud or material misrepresentation affecting the policy or insured; or
(iii) a substantial increase in the hazard insured against.

For cancellations for nonpayment of premium, refer to Standards A8, Billings.

In accordance with the Massachusetts Assigned Risk Pool Eligibility Endorsement, WC200307, the employer’s compliance with the following eligibility requirements is material to the continuation of assigned risk pool coverage. The assigned carrier may initiate a mid-term cancellation if, after two documented, good faith attempts made by the assigned carrier, one by certified mail, the employer fails to comply with any of these policy conditions:

<table>
<thead>
<tr>
<th>If the employer fails to...</th>
<th>And the assigned carrier cancels the policy, then the assigned carrier must...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully cooperate with attempts to conduct premiums audits or inspect the premises for loss control purposes, ...</td>
<td>Report the cancellation citing the reason ‘Material Misrepresentation / Fraud’ (WCIO reason code #21).</td>
</tr>
<tr>
<td>Keep records of information needed to compute premium and provide the assigned carrier with copies of those records when asked for them, ...</td>
<td>Report the cancellation citing the reason ‘Material Misrepresentation / Fraud’ (WCIO reason code #21).</td>
</tr>
<tr>
<td>Comply with the assigned carrier’s reasonable, critical loss control recommendations (see Standard C4), ...</td>
<td>Report the cancellation citing the reason ‘Material Misrepresentation / Fraud’ (WCIO reason code #21).</td>
</tr>
<tr>
<td>Allow the assigned carrier to make a careful inspection of their operation for the purpose of measuring the hazards, making recommendations for the health and safety of employees and determining the rate or rates which will be adequate and reasonable for the policy, ...</td>
<td>Report the cancellation citing the reason ‘Material Misrepresentation / Fraud’ (WCIO reason code #21).</td>
</tr>
</tbody>
</table>

The effective date of the cancellation must be determined by the assigned carrier so that ten (10) days written notice of such cancellation is given to the WCRIBMA and the insured.

A Notice of Cancellation, reflecting the reason and effective date of cancellation, must be sent to the WCRIBMA, the insured and any authorized representative or finance company known to the insurer at the time the Notice of Cancellation is being sent. If the cancellation is due to non-payment of premium, the amount due must be shown on the Cancellation Notice.
Massachusetts Assigned Risk Pool Plan of Operation

The assigned carrier must, at a minimum, retain for its records a certificate of mailing receipt from the United States Postal Service showing the name and address of the insured as stated in the policy.

Assigned carriers must report non-compliance and subsequent compliance to the WCRIBMA in accordance with Standard E.

5. REINSTATMENTS

A request for reinstatement must be accepted or denied and communicated to the insured within five business days after receipt of request. Notification of the reinstatement must be sent to the WCRIBMA within five (5) business days of issuance.

6. CERTIFICATES OF INSURANCE

If the policy has been issued, the assigned carrier will issue and distribute a Certificate of Insurance by email or facsimile to each fax number contact provided, within two (2) business days of its receipt of a fully and accurately completed Massachusetts Assigned Risk Pool Request for Certificate of Insurance Form or a like form, where the first day is defined as the day after the request was received. If no email address or fax number is provided for a person or persons to whom the Certificate of Insurance should be issued, then carrier will mail the Certificate of Insurance to the mailing address(es) provided on the form, if any.

For new business where the policy has not yet been issued, the time standard is ten (10) days from the date the assigned carrier is in receipt of both 1) the assignment package and deposit premium from the WCRIBMA and 2) a fully and accurately completed Massachusetts Assigned Risk Pool Request for Certificate of Insurance Form or a like form.

If an assigned carrier notified a Certificate Holder named on a Certificate of Insurance of a pending cancellation, and that policy is subsequently reinstated, then the carrier must also notify the Certificate Holder of the reinstatement within five (5) business days of issuance.

Assigned carriers must not authorize producers of record or other parties to issue certificates of insurance.

7. PRODUCER FEES

Producers with valid Massachusetts producers’ licenses will be paid by the assigned carrier as premium is collected, except that premium collected by a collection agency or an attorney engaged and remunerated by the assigned carrier will not be subject to a producer fee. The following fee schedule is applicable to assigned risk policies:

<table>
<thead>
<tr>
<th>PRODUCER FEE SCHEDULE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First $1,000</td>
<td>9% of Standard Premium</td>
</tr>
<tr>
<td>Next $4,000</td>
<td>5% of Standard Premium</td>
</tr>
</tbody>
</table>
The assigned carrier is required to process and mail fee payments within thirty (30) days from the date the policy is issued or thirty (30) days from the receipt of premium, whichever is later. The fee payment may also be applied to commissions which the producer owes to the carrier from other assigned risk policies.

8. BILLINGS

a. Billing Cycle

Servicing carriers should complete billing procedures within 45 calendar days for premium or deductible balances due, installments, interim audits, endorsements, and final audits. The 45-day billing cycle begins on the date of the billing and includes 30 days from the date of billing and a 15 day period for follow up.

b. Billing Statements

- Billing statements for Amounts due less than $100 will not be required to be billed, excluding final billing, until the cumulative amount of premium due for a single policy period exceeds $100.
- Billing statements for additional premium of $100 or greater shall be mailed within ten (10) business days of posting the transaction on the company records. If billing is on an installment basis, and an installment is due within the next 30 days, the additional premium may be allocated among all remaining installments.
- Billing statements must indicate that the amount due must be received by the due date (as opposed to being postmarked by the due date).
- Billing statements must include a clear explanation of the bill and specific information on how the employer may inquire about the billing determination.
- Billing procedures, where all or a portion of the amount due is disputed, shall include prompt redetermination of the amount due and reasonable explanation of the basis for the billing, as necessary; as well as information on how the employer may appeal the billing determination.

c. Collection Attempts

Servicing carriers must make at least two documented attempts to collect the premium within the billing cycle. Billings, notifications of delinquent accounts, cancellation notices and telephone contact are all considered attempts to collect.

On all accounts with an outstanding balance of $10,000 or more, a documented phone call to the employer must be made by the servicing carrier in addition to the initial billing and one written follow-up collection attempt.
d. Cancellation

If premium amounts for current or prior policies are not received postmarked within 45 calendar days from the date of mailing the billing statement, the servicing carrier should implement cancellation procedures in accordance with the provisions of M.G.L., Chapter 152, Sections 55A, 63 and 65B. Note that if the postmark date is not legible, then the assigned carrier must rely on the receipt date. Cancellation Notices must be mailed in accordance with Standard A4b.

The policy may not be cancelled if:

- A payment plan has been signed by the insured and the assigned carrier, and all payments have been received in accordance with their agreement, or
- A bona fide dispute exists and the assigned carrier has received the non-disputed premiums, or
- The premium due was not billed or is not delinquent.

e. Return Premium

Return premium adjustments will be mailed by the assigned carrier within ten (10) business days of recording on company records.

Any return premium checks shall be made payable to the insured, unless a valid power of attorney is on file, in which case the return premium checks shall be made payable to the party with power of attorney. The check shall be mailed to the payee.

In cases in which a financed policy is cancelled midterm and the policyholder does not cooperate with audit requests, the assigned carrier may not retain more than three times the prorated premium, with a short rate penalty applied, unless the carrier has evidence that the original premium estimate was significantly deficient. The balance of the premium shall be returned to the finance company.

The check shall be made on the gross amount of the return premium, unless the insured owes the assigned carrier premium on other Massachusetts assigned risk workers’ compensation policies. In that case, the assigned carrier shall either return or bill the net of the return premium and the owed premium, as appropriate.

A bill for the unearned commission shall be sent to the producer of record or an offset may be made against other commissions due to the same producer from the assigned carrier on other assigned risk business.

9. COLLECTION AGENCY PROCEDURES

<table>
<thead>
<tr>
<th>Premium Past Due</th>
<th>Collection Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $999</td>
<td>Collections are important, but are at servicing carrier discretion.</td>
</tr>
<tr>
<td>$1,000 and Over</td>
<td>Uncollectible accounts must be referred by the servicing carrier to a collection agency on file with the WCRIBMA for further collection</td>
</tr>
</tbody>
</table>
activity within 15 days of the completion of the 45-day billing cycle, unless:

- potential for imminent settlement is evident, or
- the premium is in dispute and the dispute is being actively resolved.

Servicing carriers must obtain preapproval from the WCRIBMA to refer to outside counsel instead of pursuing collection activity.

An uncollectible account must have been with a collection agency for at least 60 days from the date of referral by the servicing carrier before the servicing carrier can report the initial chargeback to NCCI.

10. **AUDITS**

a. Preliminary Physical Audits

Preliminary Physical Audits (PPAs) must be completed by the servicing carrier for all qualifying employers in accordance with [Standard 10c](#) and must be completed within 120 days of the policy effective date, or receipt of assignment, whichever is later.

Exception: Commonwealth of Massachusetts Regulation 211 CMR 111.00 requires that all carriers audit policies issued to employee leasing companies within 90 days of the policy effective date.

Prior to PPAs, auditors must be provided access to complete policy information, including but not limited to payroll and claims data, experience rating factors, adverse loss conditions, suspected payroll and classification discrepancies.

If the employer did not qualify for a PPA at policy issuance but the policy was endorsed within 120 days of the policy effective date and now meets the PPA requirement, then the assigned carrier must conduct the PPA within 75 days of the endorsement date.

If the employer did qualify for a PPA at policy issuance but the policy was endorsed within 120 days of policy issuance and no longer qualifies for a PPA, then the assigned carrier is not required to conduct the PPA.

b. Final Physical Audits

Final **Audits** must be completed by the servicing carrier for all qualifying employers in accordance with [Standard 10c](#). Final **Audits** must be completed, billed and recorded on the assigned carrier’s records within:

- 90 days of the notification of cancellation if initiated by the employer,
- 90 days of the policy expiration or cancellation date if initiated by the assigned carrier,
Prior to Final Audits, auditors must be provided access to complete policy information, including but not limited to payroll and claims data, experience rating factors, adverse loss conditions, suspected payroll and classification discrepancies.

If a Final Physical Audit is not required, then the assigned carrier must conduct a final mail or telephone audit. Assigned carriers must obtain, via a documented attempt, the most recent applicable state and/or federal tax forms on all mail and telephone audits to assess the reasonableness of all reported payroll.

c. Qualifying Employers

Audits are to be conducted by servicing carriers in accordance with Standard 10.a-g based on the following minimum frequencies, premium ranges and governing classifications for all employers except domestic servants. While these are the minimum requirements, servicing carriers are not precluded from physically auditing non-qualifying employers based on sound underwriting judgment.

<table>
<thead>
<tr>
<th>Premium Range</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000+</td>
<td>A Preliminary Physical Audit and a Final Physical Audit must be completed, regardless of governing classification.</td>
</tr>
<tr>
<td>$10,000 - $49,999</td>
<td>A Preliminary Physical Audit and a Final Physical Audit must be completed on all risks with the following governing class codes. All other risks must receive a Final Physical Audit.</td>
</tr>
<tr>
<td>$5,000 - $9,999</td>
<td>A Preliminary Physical Audit and a Final Physical Audit must be completed on all risks with the following governing class codes. All other risks must receive a Final Physical Audit.</td>
</tr>
<tr>
<td>$1 - $4,999</td>
<td>A Final Physical Audit must be completed on all risks with the following governing classifications. A final mail or telephone audit must be completed on all risks not receiving a Final Physical Audit.</td>
</tr>
</tbody>
</table>
d. Mail and Telephone Audits

Mail and telephone audits, during which the employer submits externally verifiable payroll, tax or other requested information through the mail or by electronic means, are only permitted when a physical audit is not required. The assigned carrier shall make a documented, good faith effort to obtain the most recent IRS 941 form(s) or its equivalent from the insured on all mail and telephone audits to assess payroll.

e. Employer Requested Audits

Physical audits will be performed by the assigned carrier whenever requested by the employer with reasonable grounds. The requested audit must be completed, billed, recorded and closed on the company records within 90 days of the receipt of the request.

f. WCRIBMA Requested Audits

The WCRIBMA may at any time request that an assigned carrier perform a physical audit on a policyholder. The carrier shall perform that audit as instructed and then provide a copy of the completed audit and the audit notes and workpapers to the WCRIBMA within 15 days of the audit’s completion.

g. Scheduling and Uncooperative Employers

Assigned carriers must make reasonable attempts to schedule physical audits or obtain audit information for mail or telephone audits. The attempts to begin scheduling appointments must be made early in the process to ensure the timeliness requirements
are met. These ‘attempts’ include written correspondence (mail, e-mail or fax),
television contact, or other, depending on the carrier’s documented procedures.

If at least two documented, good-faith attempts to conduct a physical audit or obtain
audit information for a mail or telephone audit have been made (one by certified
mail), and the insured has not complied, then the assigned carrier should initiate
cancellation procedures on the current policy for ‘material misrepresentation’ since
the policyholder has not complied with the agreed upon terms of the policy contract.
(See Standard A4b.)

Assigned carriers must report non-compliance and subsequent compliance to the
WCRIBMA in accordance with Standard E. (See Standard E1.)

If an insured disputes an audit, the assigned carrier should contact the insured and
resolve the accuracy of the audit within 60 days from the date of receipt of written
notice of the dispute. The dispute should be concluded either by revising the audit
billing, or by written notice to the insured that the original audit is accurate.

Gh. Documentation

Assigned carriers must document the following in their files:

- All attempts to schedule and conduct physical audits
- All attempts to conduct mail and telephone audits
- All requests for, or receipt of, audit information
- Any other item or decision that impacts policy premium or coverage.

B. CLAIMS

1. REGISTERING/RECORDING

   a. All First Reports of Injury will be screened upon receipt and separated by lost-time
      and medical-only claims. First Reports of Injury should either be manually date
      stamped or electronically stamped with the date received.

   b. All claims for medical or indemnity benefits reported by telephone, facsimile, mail or
      any other means should be established with a claim number and assigned to a file
      handler within one working day of the date received, with the assignment date
      documented.

2. INVESTIGATION

   a. Investigations should include obtaining medical and other pertinent records as well
      as securing detailed statements from the employer, employee and witnesses, to the
      extent they are granted and appropriate. The extent of the investigation should be
      based on consideration of the following issues: severity of injury, potential extent of
disability, potential for an employers’ liability action, jurisdiction, causal relationship of the workplace incident to the disability, lateness of reported claim, lack of witnesses in claims where liability is questionable, and other such factors surrounding the compensability of the claim. The documentation should be prepared in anticipation of being presented at the Massachusetts Department of Industrial Accidents (“DIA”).

Detailed statements should be taken for the following:

- Fatalities
- Spinal cord injuries
- Paralysis injuries
- Head injury/brain damage
- Serious Psychological stress
- Burns and severe disfigurement
- Heart attack
- Serious Occupational disease
- All injuries where issues of origin exist

Detailed statements should also be taken for:

- Incidents with delayed disability, additional periods of disability, or late reporting, to investigate potential intervening accidents
- Controverted cases with expectations of litigation
- Incidents involving potential recovery (i.e., third-party and second – injury fund cases)

All lost-time accidents should be investigated at least to the extent of:

- contacting either any person to whom the claimant or survivor reported the injury or the person held responsible at the employer for confirming the facts of the injury;
- attempting to contact the claimant; and
- attempting to contact the treating physician. The treating physician may be contacted by the servicing carrier’s utilization review vendor representative.

b. Contact, or documented attempts of contact, with the injured worker or representative in cases involving serious injury shall be made within one working day of receipt of assignment.

c. Initial investigation of assigned claims should be completed within the 14 day statutory requirement, or if paid without prejudice, no more than 60 days.

d. Investigation will also include, but not be limited to, the following:

1) Contact with the employer/supervisor, and any witnesses as needed, within two business days of receipt of assignment, to verify accident details and to lay the foundation for the injured worker’s return to light or full duty.
2) Where the employee has not returned to work, contact with the treating clinician’s office within two business days of receipt of assignment in the absence of medical documentation from the onset to gather information concerning medical history, diagnosis, treatment, causal relationship, and return to work target date.

3) Verification of average weekly wage and computation of indemnity benefits consistent with jurisdictional requirements.

4) Report all lost-time injury claims to the Index BureauISO Claims Search. Investigation should include the filing of Inquiry Reports with other insurers/administrators, when appropriate.

5) Either a full captioned report to the file should be completed with the conclusion of investigation, or the assigned carrier must maintain an automated system which includes as data elements all the items relevant to the investigation. Such terms shall include but not be limited to coverage, jurisdiction, claim date, accident description, compensability, disability, medical history, subrogation, Second Injury Fund potential, potential employer’s liability exposure, reserves, average weekly wage, and outstanding issues as well as plans for future handling.

6) On claims involving payment of benefits under Section 34A (Permanent And Total) or Section 31 (survivors benefits) contact will be made at least once each calendar year with the claimant. On cases involving payment of Section 34, (Temporary Total) or Section 35, (Temporary Partial) benefits contact with the claimant will be made at least once a quarter. Personal contact with a claimant is required where allowed and subject to an individual’s legal representation.

7) A subrogation investigation shall be conducted simultaneously with the compensability investigation, including statements, photographs, diagrams, engineering opinions and preservation of evidence to support a recovery, where appropriate.

Each file should contain a documented determination as to the appropriateness of subrogation, based on this investigation. Insureds should have access to this information at any time upon request. In addition, in any case of an injury resulting from a motor vehicle accident involving a third party, if subrogation is not pursued, then upon request a letter explaining the reasons for the insurer’s non-pursuit should be provided to the employer within nine months of the incident or sixty days of the employer’s request, whichever is the later date.

e. Continuing items of investigation and/or development (which should be addressed in the file):

1) Consideration of Second Injury Fund possibilities.
2) Possibility of apportionment or contribution.

3) Social Security or other applicable offsets.

4) Need for physical or vocational rehabilitation.

5) On claims involving payment of benefits under Section 34A (Permanent And Total) where there is a question of disability, fraud, or where otherwise appropriate, activity checks/surveillance should be conducted by the assigned carrier or its representative at least every six months. Claims where widow’s or dependent benefits are being paid should receive activity checks or contact at least annually.

3. **ACCEPTANCE OR DENIAL**

   a. If claim is compensable, issue first payment within fourteen days of assigned carrier’s receipt of an employer’s first Report of Injury, or an initial written claim for weekly benefits on a form prescribed by the DIA, whichever is received first, and in accordance with statutory requirements.

   b. If denial of compensability is in order, ensure that prompt and legally sufficient denial is made with clear, factual basis and grounds for denial to the proper parties, followed up with timely administrative filings, where required, consistent with vigorous defense for non-meritorious claims.

4. **RESERVING**

   a. Establish initial medical and indemnity loss reserves within fourteen calendar days of assignment to the file handler commensurate with all known factors. Adequate reserves represent the file handler’s judgment of the potential costs involved in achieving maximum medical improvement and a return to work on full duty based upon known information and claims judgment.

   b. Revise loss reserves whenever developments occur that change the ultimate claim exposure. Document with reserve worksheets, or other appropriate means, the basis for reserve changes.

   c. In reporting estimates on fatal and permanent total cases, utilize authorized tables where appropriate and provide comments on any deviation.

   d. Reserve estimates should be reviewed by a qualified member of the claim department, other than the assigned adjuster, at regular 120 day intervals.

5. **DISABILITY MANAGEMENT**

   a. Arrange for adequate and reasonable medical care necessary to treat the injury or illness.
b. Dependent upon the case circumstances, the nature of the injury, and the extent of the disability, all consistent with sound claims practice and law, initiate, determine, and/or implement the following:

1) Promote a team approach to limiting disability through continuing follow-up contact with injured worker, employer, and physician at intervals consistent with the injury and estimated length of disability and establishment of return-to-work target dates.

Make a good faith attempt to provide the treating physician with a complete job description to facilitate an objective evaluation of the injured worker’s ability to return to the job.

2) Independent medical examinations (where allowed by law) should be utilized where questions of disability, causal relationship, need for surgery and/or existing treatment, or where reports of treating physician are not forthcoming.

3) If return to the individual’s regular job with the insured does not appear medically feasible or is unavailable, explore the availability or return to other employment, modified or light work duties consistent with medical capabilities.

4) Provide Vocational rehabilitation in the form of alternative work, modified work, job placement, on-the-job training, schooling, ensuring compliance with statutory and/or regulatory provisions.

6. **MEDICAL CARE AND COST CONTROL**

a. An integrated medical management program that includes pre-accident medical care arrangements, timely reporting of accidents, PPO/PPN/HMO/and similar contracts, utilization review as required by the DIA regulations in effect, hospital pre-certification/pre-admission review, return-to-work programs and catastrophic case management shall be developed and applied to individual claims, consistent with the severity of injury.

b. Periodic paper or electronic reports must be obtained from the treating physician and/or other medical practitioners for the status of the worker’s injury and medical care and for use in conjunction with medical bill screening.

c. Screen all medical bills to ensure treatment is related to the injury, and charges are reasonable and necessary; review and approve all medical invoices in accordance with applicable statutes and regulations, relative value studies and/or professional medical cost surveys.

d. Where no questions of compensability or reasonableness exist and physician reports have been received, pay all bills within 30 days or earlier.
e. Where questions of compensability or reasonableness exist, notify the medical vendor within 30 days, explaining the reasons for the need for further information or investigation.

7. **HEARINGS AND SETTLEMENTS**

a. Ensure that all cases are properly prepared prior to conciliation, conference, hearing, trial, or arbitration, including but not limited to the following:

1) Documentation of complete pre-trial preparation in the areas at issue, such as coverage, liability and disability and casual relationship issues, including proper instructions and authorization of the insurer representative at conciliation.

2) Have available all necessary lay and professional witnesses or their depositions prior to formal hearing, trial, or arbitration.

3) If proceeding encompasses issues relative to extent of disability and/or permanent impairment, the appropriate medical reports, opinions, witnesses should be made available and ready for testimony or deposition, in accordance with statutory requirements.

4) If the proceeding is to be handled by an attorney, ensure timely delivery of the file material for preparation. Document attorney's receipt of claim file and the insurer's communications to its attorney regarding the merits of the issues to be litigated and the probable success of the litigation. If an adverse finding is made, the attorney should comment about the costs and the merits of the appeal and case law issues, including the potential impact on future claims costs.

5) Review attorney bills to ensure that they reflect billing practices and expense controls that are consistent with the attorney/carrier agreement.

6) When outside counsel is utilized by the assigned carrier, the defense attorney's Initial Report should be produced within 30 days of receipt of assignment. A Pre-Trial Report should be produced by any outside defense counsel at least 30 days prior to a hearing or, if such counsel receives less than 40 days notice of a hearing, no later than ten days from receipt of such notice. In all instances, Initial Reports and Pre-Trial Reports shall be completed prior to the applicable proceedings.

b. Assuming plaintiff attorney willingness and consistent with sound claims judgment, conduct settlement negotiations promptly after completion of investigation. Do not, as a matter of tactics or standard operating procedure, wait until day of pre-trial, conference or hearing. Prior to settlement negotiations the file will be documented relative to estimated settlement value.
c. Base all settlements of permanency or compromise settlements on sound claims judgment consistent with compensability investigation, medical evidence developed and exposure, in accordance with the law and benefit structure.

8. **PAYMENT CONTROL**

All benefit payments and filings required to be made to the DIA will be documented and made timely in accordance with statutory provisions and regulations.

9. **SUPERVISION**

Document team review or supervisor/management direction and control of claim handling consistent with the injury severity.

10. **FILING REPORTING**

All file activity will be fully documented either by paper or electronically, and shall include:

a. Sources of information and dates of activity.

b. Copies of police reports, marriage and/or birth certificates, etc., when appropriate.

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**C. LOSS CONTROL**

The primary objective of these Loss Control Performance Standards is to eliminate, reduce and/or control sources of occupational injury and illness to employers’ workers.

1. **NOTIFICATION OF LOSS CONTROL SERVICES**

Upon policy issuance, the policyholder and producer will be notified by the assigned carrier, in writing, of available loss control services and safety information, including instructions for obtaining services and information.

2. **EMPLOYER-REQUESTED LOSS CONTROL SERVICES**

Any assigned risk policyholder may request loss control services from its assigned carrier regardless of the size of its operation or its claim history. The assigned carrier is responsible for allocating financial resources, qualified personnel, and time in reasonable amounts sufficient to provide comprehensive loss control services to its policyholders.

a. The assigned carrier will provide appropriate consultation in the form of accident prevention programs, accident trending, safety seminars, safety literature and other administrative aids which will support the loss control efforts of the policyholder.
b. The assigned carrier will encourage the policyholder to designate a specific individual(s) as safety coordinator and contact person.

c. When an on-site visit is requested by the insured or when an on-site visit is deemed necessary by the assigned carrier, the carrier will assign a designated loss control representative to oversee the delivery of services to the policyholder.

d. When the policyholder requests loss control services, the assigned carrier will respond to the policyholder within 15 business days of the receipt of the request. The assigned carrier must either provide requested loss prevention materials (as described in 2a. above) or, when appropriate, conduct a loss control survey (as described in 3. below) within 60 days from the date of the policyholder’s request. Requests for assistance in the evaluation and control of imminent danger exposures will be given high priority.

3. LOSS CONTROL SURVEYS

Loss Control Surveys (“LCS”) are generally initiated by the assigned carrier in accordance with the requirements set forth in this Standard, but may also be requested by the employer as provided in Standard C2.

a. Contents of a Loss Control Survey

An LCS includes, but is not limited to:

1) An analysis of all available accident experience to determine causes and trends, supported by loss runs or other related documentation.

2) An on-site review of potential employer exposures, specifically identifying conditions and operations that could cause loss. Imminent danger hazards must be discussed with policyholder management during the LCS.

3) Review and documentation of policyholder loss control program and activities including, employee training programs, safety representation (organization), safety policy, procedures, goals and funding, etc.

4) A description of the nature and size of the operations, number of locations and loss potential for classification and underwriting purposes.

b. Recommendations

Recommendations are the result of an LCS and must be presented to the policyholder in accordance with Standard C4.

c. Timelines and Procedures

1) New Policies

An LCS must be performed for a qualifying employer (as defined in Standard C3d), at all qualifying locations (as defined in Standard C3e), within 120 days of the
policy effective date or receipt of the Notice of Assignment by the assigned carrier, whichever is later.

In addition, regardless of whether an employer would be considered a ‘qualifying employer’ for the current policy period, the assigned carrier must perform an LCS if the employer meets the following conditions:

- the assigned carrier has knowledge of a prior LCS that contained critical recommendations, and
- the assigned carrier has no knowledge that the critical recommendations in that prior LCS have been satisfied.

2) Renewal Policies

An LCS must be performed for a currently qualifying employer, at all qualifying locations, within 120 days of the policy effective date if an LCS has not been conducted within the last three policies, regardless of whether or not the employer qualified during the last three policy periods.

In addition, regardless of whether an employer would be considered a ‘qualifying employer’ for the current policy period, the assigned carrier must perform an LCS if the assigned carrier’s prior LCS contained critical recommendations.

d. Qualifying Employers

LCSs are to be conducted with the following premium ranges, governing classifications, experience rating modifications, and locations for all policies except domestic servant policies. While these are the minimum requirements, assigned carriers are encouraged to perform LCSs for non-qualifying employers based on sound underwriting judgment.

<table>
<thead>
<tr>
<th>Premium Range</th>
<th>Governing Classification Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 and higher</td>
<td>All employers, regardless of governing classification codes</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>0008 0037 0042 0046 0050 0083 0106 1438 1624 1748 1924 2095 2143 2220 2501 2688 2702 2710 2802 2883 3076 3179 3180 3188 3195 3241 3257 3365 3372 3400 3507 3620 3632 3634 3685 3724 3808 3821 4034 4130 4279 4410 4439 4459 4470 4484 4493 4511 4512 4557 4558 4583 4665 4740 4741 4779 4828 4829 5022 5037 5040 5057 5059 5069 5160 5183 5190 5191 5213</td>
</tr>
</tbody>
</table>

Filing of 12/15/15, Effective 7/1/16
5.21  5.22  5.23  5.34  5.43
5.46  5.47  5.47  5.47  5.49
5.53  5.54  5.57  5.60  5.61
5.64  5.65  5.70  5.70  5.70
6.03  6.05  6.20  6.21  6.22
6.25  6.25  6.31  6.50  6.82
6.82  6.83  6.83  6.85  6.87
6.84  6.88  6.84  7.30  7.35
7.30  7.40  7.42  7.50  7.50
7.59  7.58  7.59  7.61  7.70
8.01  8.01  8.01  8.03  8.10
8.11  8.20  8.20  8.21  8.22
8.26  8.26  8.27  8.29  8.50
8.82  8.31  8.83  8.83  9.01
9.01  9.01  9.01  9.04  9.06
9.18  9.18  9.40  9.41  9.50
9.50  9.53  9.53  9.54  9.54
9.55  9.55

<table>
<thead>
<tr>
<th>Experience Rating</th>
<th>All employers, regardless of governing classification code and status of experience rating.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.40 and higher,</td>
<td>with an estimated annual premium of $10,000 and higher</td>
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e. Qualifying Locations

For all qualifying employers with a single location, the assigned carrier must conduct the LCS at the single location.

For all qualifying employers with multiple locations, the assigned carrier must conduct the LCS at each location that has an annual premium of $10,000 or higher for the qualifying class codes. If no single location has an annual premium of $10,000 or higher for the qualifying class codes, then an LCS should be conducted at the principal location of the insured as determined by the assigned carrier.

4. RECOMMENDATIONS

Recommendations are the result of a Loss Control Survey and include written guidance for the policyholder which addresses actual or potential exposures and, where applicable, make suggestions for program activities or management principles. There are two types of recommendations:

a. Critical Recommendations

Critical recommendations address exposures of imminent danger or serious loss potential or continuing losses, which indicate uncontrolled exposures expected for the type of operation as indicated in Best’s Loss Control Manual or similar materials.
The assigned carrier must notify both the employer and the producer of critical recommendations in writing within 14 days of the completion of the LCS. The notification must advise that failure to comply with these recommendations may result in cancellation of coverage, as provided in the Massachusetts Assigned Risk Pool Eligibility Endorsement.

Within 60 days from the date the notification is sent, the assigned carrier must contact the employer to ensure compliance with the recommendations. The employer can demonstrate compliance with critical recommendations with written notification, signed by an officer or owner of the insured employer.

If the insured has not demonstrated that it has, within 90 days, substantially complied or intends to so comply within a reasonable time, with the carrier’s reasonable, critical recommendations, then the assigned carrier may initiate cancellation proceedings in accordance with Standard A4. The reason for the cancellation must be reported as ‘fraud / material misrepresentation’, WCIO Cancellation Reason Code 21.

Assigned carriers must report non-compliance and subsequent compliance to the WCRIBMA in accordance with Standard E.

b. Advisory Recommendations

Advisory recommendations address minor exposures that exist but do not present an imminent danger or serious loss potential.

Advisory recommendations must be provided to the employer and the producer in writing within 30 days of the completion of the LCS.

Additional loss control services may be provided where, at the assigned carrier’s discretion, they determine the services will be effective in reducing losses.

D. CUSTOMER SERVICE

The assigned carrier shall establish written customer service standards that include, but are not limited to:

1. Responding to written policyholder, producer or injured employee initial inquiries and complaints regarding a particular matter within 10 business days. If telephone inquiries are received, the assigned carrier should require that a written request be submitted.
2. Resolving issues other than audit disputes within 30 days of the date of receipt of written correspondence,
3. If requested, making loss records available within 30 days,
4. Creating written internal procedures and management accountabilities for monitoring compliance with these Performance Standards.
If the insured makes a request for a review of the method by which their classifications, rates, premiums or audit results were determined, as permitted by the MA Notice to Policyholder Endorsement, the assigned carrier must convey the results of that review within 30 days. If the policyholder is not satisfied with the results of the review, the assigned carrier shall notify the policyholder that pursuant to the MA Notice to Policyholder Endorsement, the insured may submit a written request for review to the WCRIBMA.

E. POLICY, UNIT STATISTICAL AND DATA REPORTING

1. Policy Data

All assigned carriers are responsible for timely reporting data to WCRIBMA in accordance with the Massachusetts Workers’ Compensation Statistical Plan and the WCIO Workers’ Compensation Data Specifications Manual. The following must be reported:

- Policies
- Endorsements
- Cancellations, Reinstatements, Non-renewals
- Noncompliance and Compliance Transactions
- Unit Statistical Reports
- Annual Financial Aggregate Data (as required in Part II of the MA Statistical Plan)

2. Noncompliance and Subsequent Compliance Transactions

Assigned carriers must report noncompliance and subsequent compliance to the WCRIBMA. The purpose of this requirement is:

- Noncompliance Reporting — to identify risks that are ineligible for participation through the assigned risk pool and exclude them from assigned risk coverage until such time as the eligibility issue has been resolved
- Compliance Reporting — to reestablish the eligibility for assigned risk coverage for a risk that was previously reported as noncompliant

The noncompliance and subsequent compliance transactions must either be reported electronically as a WCIO Record Type Z1, Transaction Code 17 or through the Member’s Area of the WCRIBMA’s website.

Noncompliance transactions must be reported to the WCRIBMA within five (5) business days of the determination of ineligibility. In situations that assigned carrier is currently providing coverage for the employer, the noncompliance transaction should be reported along with the cancellation transaction.

Compliance transactions must be reported to the WCRIBMA within five (5) business days of the event correcting the previously reported noncompliance issue.

3. Quarterly Actuarial and Financial Reporting to NCCI
Servicing carriers are also responsible for segregating and reporting actuarial and financial servicing carrier data to NCCI in accordance with NCCI’s Servicing Carrier Reference Guide and Pool Data Reporting Guide, including any Massachusetts exceptions that have been communicated to the servicing carriers.