WCRIBMA
THE WORKERS' COMPENSATION RATING
AND INSPECTION BUREAU OF MASSACHUSETTS

July 24, 2026

CIRCULAR LETTER NO. 2456

To All Members and Subscribers of the WCRIBMA:

MASSACHUSETTS EXPERIENCE RATING PLAN MANUAL

On July 21, 2026, the Massachusetts Division of Insurance approved the WCRIBMA's attached Filing Memorandum and Exhibits that proposed the creation of a state specific Massachusetts Workers' Compensation Experience Rating Plan Manual (MA EXR Manual). The MA EXR Manual will combine two documents currently in use: NCCI's Experience Rating Plan Manual and the Massachusetts State Rule Exceptions and Miscellaneous Rules. The new MA EXR Manual will allow purchasers and sellers of workers' compensation insurance to have a single document available which provides information specific to Massachusetts.

There are no substantive changes to any current rule being introduced in the new MA EXR Manual or changes that would require carrier system changes; therefore the effective date for the new MA EXR Manual is August 1, 2026.

The Internet-based versions of the affected MA Manual pages, accessible at www.wcribma.org, will be updated soon.

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

Attachment

DANIEL M. CROWLEY, CPCU
Vice President – Customer Services

FILING MEMORANDUM

PURPOSE

The purpose of this filing is to obtain approval of a state specific Massachusetts Workers' Compensation Experience Rating Plan Manual (MA EXR Manual). MA EXR Manual will combine two documents currently in use: NCCI's Experience Rating Plan Manual and the Massachusetts' state exceptions and miscellaneous rules.

BACKGROUND

For several decades, WCRIBMA has utilized NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (NCCI's EXR Manual) while maintaining certain Massachusetts' state exceptions and miscellaneous rules in a separate document on WCRIBMA's website. To view NCCI's EXR Manual, a Massachusetts user would have to establish an account with NCCI and visit NCCI's website. After visiting NCCI's website and reviewing NCCI's EXR Manual, the Massachusetts user would need to check the WCRIBMA's website for any applicable state exceptions and miscellaneous rules unique to Massachusetts.

Several years ago, NCCI embarked on a multiyear initiative to modernize their manuals, which included NCCI's EXR Manual. The new edition of NCCI's EXR Manual has been modernized with an emphasis on structuring and formatting the content for online consumption only. Users will now use an interactive search tool to navigate the NCCI manual, making it more unclear that there may be Massachusetts exceptions. NCCI is seeking approval of their new modernized EXR manual in their respective NCCI states. As a result of the new structure and format, it is no longer possible for a Massachusetts user to view NCCI's EXR Manual in the traditional format. This change has now necessitated the need for the WCRIBMA to file for their own MA EXR Manual, to eliminate the need for a MA user to visit NCCI's website. This will result in an easier to find and use Manual for all users.

PROPOSAL

We propose that the MA EXR Manual, attached as Exhibit 4, be adopted so that purchasers and sellers of workers' compensation insurance have a single document available which provides information specific to Massachusetts. Following is a summary of each of the exhibits included in this filing package:

Exhibit 1 contains NCCI's Experience Rating Plan Manual – 2003 Edition. *

Exhibit 2 contains Massachusetts Rule Exceptions - NCCI's Experience Rating Plan Manual – 2003 Edition.

Exhibit 3 contains a marked-up version of the proposed Massachusetts Experience Rating Plan Manual. The blue text are new additions, not currently included in NCCI EXR Manual or Massachusetts Rule Exceptions, and the red strike-out text are deletions. *

Exhibit 4 contains a clean copy of the proposed Massachusetts Experience Rating Plan Manual. *

IMPACT

This filing proposes the combination of two currently in use documents: NCCI EXR Manual and the Massachusetts exceptions and miscellaneous rules. This filing includes some minor additions to those documents but does not make any substantive changes to any rule that would result in premium impact. No premium impact is expected as a result of the approval of the new MA EXR Manual.

IMPLEMENTATION

The WCRIBMA proposes an **July 1, 2026** effective date for the new Massachusetts Workers' Compensation Experience Rating Plan Manual.

*This filing includes copyrighted material of NCCI.

Exhibit 1

Experience Rating Plan Manual—2003 Edition

Preface to the Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance

Effective 01 Jul 2015 12:00:01

A. Jurisdiction Where This Plan Applies

01	AL	Alabama	16	KY	Kentucky	38	RI	Rhode Island
54	AK	Alaska	17	LA	Louisiana	39	SC	South Carolina
02	AZ	Arizona	18	ME	Maine	40	SD	South Dakota
03	AR	Arkansas	19	MD	Maryland	41	TN	Tennessee
05	CO	Colorado	20	MA	Massachusetts [1],[9]	42	TX	Texas[11]
06	CT	Connecticut	23	MS	Mississippi	43	UT	Utah
08	DC	District of Columbia	24	MO	Missouri [5]	44	VT	Vermont
09	FL	Florida [8]	25	MT	Montana	45	VA	Virginia [4]
10	GA	Georgia [6]	26	NE	Nebraska	47	WV	West Virginia[10]
52	HI	Hawaii	27	NV	Nevada			
11	ID	Idaho	28	NH	New Hampshire			
12	IL	Illinois	30	NM	New Mexico			
13	IN	Indiana[1]	32	NC	North Carolina [1],[7]			
14	IA	Iowa	35	OK	Oklahoma			
15	KS	Kansas	36	OR	Oregon			

The National Council on Compensation Insurance, Inc. (NCCI, Inc.) issues intrastate and interstate experience rating modifications except where otherwise noted.

[1] States with Independent Rating Organizations that issue their own intrastate experience rating modifications. These states also participate in interstate experience rating.

[9] Effective July 1, 2006.

[11] Effective July 1, 2015.

[5] Effective January 1, 2004.

[8] Effective January 1, 2006.

[4] Effective April 1, 2004.

[6] Effective April 7, 2004.

[10] Effective July 1, 2007.

[7] Effective July 1, 2004.

Effective 01 Oct 2022 12:00:01 View Previous Updates

B. JURISDICTIONS WHERE THIS PLAN DOES NOT APPLY

04	CA	California	22	MN	Minnesota [1]
07	DE	Delaware	29	NJ	New Jersey
21	MI	Michigan	31	NY	New York [2]
37	PA	Pennsylvania			
48	WI	Wisconsin [1]			

[1] Experience Rating Plans used by Independent Rating Organizations permit combination with states listed in Preface A for interstate experience rating.

[2] The New York Experience Rating Plan no longer permits New York experience to be used in NCCI's interstate experience rating plan for rating effective dates on or after October 1, 2022.

Effective 01 Jul 2007 12:00:01 View Previous Updates

C. Jurisdictions Where This Plan Applies to Employers Liability Only and on an Advisory Basis (Monopolistic Fund States)

33	ND	North Dakota			
34	OH	Ohio	49	WY	Wyoming
46	WA	Washington			

NOTICE: Although the *formatting* of this online manual, including any state exceptions, may differ from the hard copy, the *content* is identical.

Experience Rating Plan Manual—2003 Edition

Rules

Rule 1—General Explanations

Effective 01 Dec 2003 12:00:01

A. Experience Rating

Experience rating recognizes the differences among individual insureds with respect to safety and loss prevention. It does this by comparing the experience of individual insureds with the average insured in the same classification. The differences are reflected by an experience rating modification, based on individual payroll and loss records, which may result in an increase, decrease, or no change in premium.

*Refer to the **User's Guide for Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance** for more information.*

Effective 01 May 2017 12:00:01

B. Mandatory Plan

(Exceptions: NC, TX)

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 rating effective date, which occurs on or after the effective date of the change. *Refer to Rule 2-B for more information about rating effective dates.*
4. The Workers Compensation and Employers Liability Insurance Policy 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 attachment of 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 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.

Effective 01 Jul 2023 12:00:01 View Previous Updates

C. Definitions

(Additional Rules: MA)

1. Experience

(Exceptions: NM)

The experience used to calculate a risk's modification is comprised of the payroll and losses that are reported according to the ***Statistical Plan.*** For purposes of this Plan, payroll and losses may also be referred to as data. The experience used in a modification is determined by Rule 2-E.

2. Payroll

The audited payroll or other exposures for each classification in the experience period are those reported according to the ***Statistical Plan.***

3. Losses

(Additional Rules: NE, WV) (Exceptions: FL, MA, ME)

Incurred losses for each classification in the experience period are those reported according to the ***Statistical Plan.***

a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims that are reported with Catastrophe Number 12 as attributable to the COVID-19 (coronavirus) pandemic according to the ***Statistical Plan*** with Accident Dates of December 1, 2019 through June 30, 2023 are excluded from experience rating calculations.

Exception: Claims that are reported as noncompensable according to the ***Statistical Plan*** are excluded from experience rating calculations.

Exception: Claims that are reported as fraudulent according to the ***Statistical Plan*** are excluded from experience rating calculations.

Exception: Claims that are reported as coal mine disease (Black Lung) according to the ***Statistical Plan*** are excluded from experience rating calculations.

b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, *refer to Rule 2-C-13.*

4. Entity

(Exceptions: TX)

An entity is an individual, partnership, corporation, unincorporated association, fiduciary, or other legal entity.

5. Risk

A risk is all entities eligible for combination under this Plan, regardless of whether insurance is provided by one or more policies or insurance carriers. A risk may be:

a. A single entity, or
b. Two or more entities that qualify for combination according to Rule 3-D.

6. Statistical Plan

(Exceptions: MA)

The ***Statistical Plan*** references mean all unit statistical plans approved for use in states where this ***Experience Rating Plan*** applies or in states where independent rating organizations permit combination for interstate rating with states listed in Preface Section A.

Statistical plans detail data reporting requirements for individual risk experience. Only 1st, 2nd, and 3rd reports as well as corrections to such reports are used in the experience rating calculation. Based on a risk's experience period, an individual unit report may be used in more than one experience rating.

7. Subject Premium

(Additional Rules: FL)

Subject premium is reported according to the ***Statistical Plan.*** For experience rating purposes, subject premium developed for an individual risk during:

a. Its experience period is used to determine a risk's eligibility according to Rule 2-A.
b. The policy period to which the experience rating modification applies, is multiplied by the experience rating modification factor.

8. Unity (1.00) Factor

A unity (1.00) factor may apply to a risk for reasons including, but not limited to:

- It does not qualify for experience rating. *Refer to Rule 2-A for premium eligibility requirements.*
- It does not meet the minimum data requirements. *Refer to* Rule 4-C-3 *for an explanation.*
- It is a new business with no data available for production of an experience rating modification.
- It qualifies for experience rating, with the calculation resulting in a 1.00 modification.
- Data could not be provided as a result of an ownership change. *Refer to Rule 3-E for an explanation.*

Effective 01 Jul 2011 12:00:01 View Previous Updates

D. Administration

(Additional Rules: NC) (Exceptions: AK, AZ, FL, IA, ID, IN, MA, MT, NC, NE, NM, OR, TN)

1. The rating organization determines the applicability of all Plan rules.
2. The experience rating modification is calculated, issued and, if necessary, revised by the appropriate rating organization listed in the Preface.
3. Unless otherwise provided by this Plan, experience rating modification issuance and revision is limited to the current and two preceding experience rating modifications.
4. Any risk qualifying for an experience rating modification factor will be notified by the designated rating organization and instructed on how to obtain their experience rating modification worksheet. The carrier of record and producer of record are provided access to the experience rating worksheet. Additional parties may be allowed access to the experience rating worksheet if authorized in writing by the risk.
5. The calculated experience rating modification factor is applied by the carrier(s) in accordance with this Plan, other applicable rules, statutes, and regulations.
6. Appeals involving the application of the rules of this manual may be resolved through the applicable administrative appeals process. *Refer to the **User's Guide** for more information.*

NOTICE: Although the *formatting* of this online manual, including any state exceptions, may differ from the hard copy, the *content* is identical.

Experience Rating Plan Manual—2003 Edition

Rules

Rule 2—Experience Rating Elements and Formula

Effective 01 Jul 2022 12:00:01

A. Premium Eligibility

1. Premium

a. Subject Premium

(Additional Rules: FL, TX)

A risk's eligibility for this Plan is based on the amount of subject premium as defined in Rule 1-C-7. *Refer to Rule 2-A-2 and the State Table of Subject Premium Eligibility Amounts to determine premium eligibility for a specific risk.*

b. Not Subject to Experience Rating

According to the ***Statistical Plan,*** some premium elements are not subject to experience rating. Premium may be charged for these elements under the standard policy. This premium is not:

- Subject to increase or decrease by an experience rating modification factor
- Used to determine premium eligibility for experience rating as detailed in Rule 2-A-2
- Used in the calculation of an experience rating modification, unless otherwise stated in this Plan or the ***Basic Manual***

2. State Subject Premium Eligibility Amounts

(Exceptions: MA, TX)

(Additional Rules: OR)

A risk qualifies for experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount shown in the State Table of Subject Premium Eligibility Amounts in Rule 2-A-2-c. *Refer to Rule 2-E-1 to determine a risk's experience period.*

a. A risk qualifies for experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least the amount shown in Column A.

b. A risk may not qualify according to Rule 2-A-2-a. If it has more than the amount of experience referenced in Rule 2-A-2-a, then to qualify for experience rating the risk must develop an average annual subject premium of at least the amount shown in Column B. *Refer to Rule 2-A-3 to determine average annual subject premium.*

c. A risk's rating effective date determines the applicable Column A and Column B subject premium eligibility amounts required to qualify for experience rating. *Refer to Rule 2-B for rating effective date determination*.

State Table of Subject Premium Eligibility Amounts

State	Rating Effective Date	Column A ($)	Column B ($)
AK	7/1/25 and after	6,500	3,250
	7/1/24–6/30/25	6,000	3,000
	7/1/23–6/30/24	6,000	3,000
AL	9/1/25 and after	13,500	6,750
	9/1/24–8/31/25	13,000	6,500
	9/1/23–8/31/24	12,500	6,250
AR	1/1/26 and after	11,000	5,500
	1/1/25–12/31/25	10,500	5,250
	1/1/24–12/31/24	10,000	5,000
AZ	7/1/25 and after	8,500	4,250
	7/1/24–6/30/25	8,000	4,000
	7/1/23–6/30/24	7,500	3,750
CO	7/1/25 and after	12,000	6,000
	7/1/24–6/30/25	11,000	5,500
	7/1/23–6/30/24	10,500	5,250
CT	7/1/25 and after	14,500	7,250
	7/1/24–6/30/25	13,500	6,750
	7/1/23–6/30/24	13,500	6,750
DC	7/1/25 and after	10,000	5,000
	5/1/24–6/30/25	10,000	5,000
	5/1/23–4/30/24	9,500	4,750
FL	7/1/25 and after	15,000	7,500
	7/1/24–6/30/25	14,000	7,000
	7/1/23–6/30/24	13,000	6,500
GA	9/1/25 and after	14,000	7,000
	9/1/24–8/31/25	13,500	6,750
	9/1/23–8/31/24	12,500	6,250
HI	7/1/25 and after	7,000	3,500
	7/1/24–6/30/25	7,000	3,500
	7/1/23–6/30/24	6,500	3,250
IA	7/1/25 and after	10,500	5,250

State	Rating Effective Date	Column A ($)	Column B ($)
	7/1/24–6/30/25	10,000	5,000
	7/1/23–6/30/24	9,500	4,750
ID	7/1/25 and after	9,000	4,500
	7/1/24–6/30/25	8,500	4,250
	7/1/23–6/30/24	8,000	4,000
IL	7/1/25 and after	14,000	7,000
	7/1/24–6/30/25	13,500	6,750
	7/1/23–6/30/24	12,500	6,250
IN	7/1/25 and after	7,000	3,500
	7/1/24–6/30/25	6,500	3,250
	7/1/23–6/30/24	6,500	3,250
KS	7/1/25 and after	10,500	5,250
	7/1/24–6/30/25	10,000	5,000
	7/1/23–6/30/24	9,500	4,750
KY	7/1/25 and after	14,000	7,000
	7/1/24–6/30/25	13,000	6,500
	7/1/23–6/30/24	12,500	6,250
LA	11/1/25 and after	13,000	6,500
	11/1/24–10/31/25	12,000	6,000
	11/1/23–10/31/24	12,000	6,000
MD	7/1/25 and after	13,500	6,750
	7/1/24–6/30/25	13,500	6,750
	7/1/23–6/30/24	13,000	6,500
ME	10/1/25 and after	13,500	6,750
	10/1/24–9/30/25	12,500	6,250
	10/1/23–9/30/24	12,000	6,000
MO	7/1/25 and after	9,500	4,750
	7/1/24–6/30/25	9,000	4,500
	7/1/23–6/30/24	9,000	4,500
MS	9/1/25 and after	12,000	6,000
	9/1/24–8/31/25	11,000	5,500
	9/1/23–8/31/24	10,500	5,250
MT	1/1/24 and after	10,000	5,000
	1/1/23–12/31/23	10,000	5,000
	1/1/22–12/31/22	10,000	5,000
NC	4/1/25 and after	14,500	7,250
	4/1/24–3/31/25	13,500	6,750
	4/1/23–3/31/24	12,500	6,250
NE	8/1/25 and after	9,000	4,500
	8/1/24–7/31/25	8,000	4,000
	8/1/23–7/31/24	8,000	4,000
NH	7/1/25 and after	16,500	8,250
	7/1/24–6/30/25	16,500	8,250
	7/1/23–6/30/24	14,500	7,250

State	Rating Effective Date	Column A ($)	Column B ($)
NM	7/1/25 and after	12,000	6,000
	7/1/24–6/30/25	11,500	5,750
	7/1/23–6/30/24	11,000	5,500
NV	9/1/25 and after	8,500	4,250
	9/1/24–8/31/25	8,000	4,000
	9/1/23–8/31/24	7,500	3,750
OK	7/1/25 and after	12,500	6,250
	12/1/24–6/30/25	12,000	6,000
	7/1/23–11/30/24	11,500	5,750
OR	7/1/25 and after	7,500	3,750
	7/1/24–6/30/25	7,000	3,500
	7/1/23–6/30/24	6,500	3,250
RI	2/1/26 and after	14,000	7,000
	2/1/25–1/31/26	13,500	6,750
	2/1/24–1/31/25	13,000	6,500
SC	10/1/25 and after	12,500	6,250
	10/1/24–9/30/25	12,000	6,000
	10/1/23–9/30/24	11,500	5,750
SD	1/1/26 and after	11,000	5,500
	1/1/25–12/31/25	10,500	5,250
	1/1/24–12/31/24	10,000	5,000
TN	9/1/25 and after	13,000	6,500
	9/1/24–8/31/25	12,000	6,000
	9/1/23–8/31/24	11,500	5,750
UT	8/1/25 and after	10,500	5,250
	7/1/24–7/31/25	10,000	5,000
	7/1/23–6/30/24	9,500	4,750
VA	10/1/25 and after	9,500	4,750
	10/1/24–9/30/25	9,000	4,500
	10/1/23–9/30/24	9,000	4,500
VT	10/1/25 and after	11,500	5,750
	10/1/23–9/30/25	10,500	5,250
	10/1/22–9/30/23	9,500	4,750
WV	7/1/25 and after	12,000	6,000
	5/1/24–6/30/25	11,500	5,750
	5/1/23–4/30/24	11,000	5,500

3. Average Annual Subject Premium

Determine a risk's average subject premium on an annual basis for experience rating eligibility purposes as follows:

$$\frac{\text{Total Subject Premium}}{\text{Total Months of Experience in Experience Period (excluding gaps in coverage)}} \times 12 = \text{Average Annual Subject Premium}$$

When the average annual subject premium is determined, *refer to Column B in Rule 2-A-2 for premium eligibility requirements.* The reference to total months of experience in this calculation includes partial months.

*Refer to the **User's Guide** for examples.*

4. Intrastate Experience Rating

A risk qualifies for experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements for the state in which it operates. *Refer to the State Table of Subject Premium Eligibility Amounts for the minimum subject premium requirements.* Qualifying subject premium is based on payroll or other exposures reported in accordance with the ***Statistical Plan.***

*Refer to the **User's Guide** for examples.*

5. Interstate Experience Rating

a. A risk qualifies for experience rating on an interstate (multi-state) basis when it:

   (1) Meets the premium requirement for intrastate rating in any one state, and
   (2) Develops experience during the experience period in one or more additional states where this Plan applies or where the independent rating organization Plan permits combination for interstate rating.

b. The experience developed in each additional state does not have to meet the premium requirement for intrastate rating.
c. The interstate modification applies to all of the risk's operations even if coverage is written under separate policies.
d. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state(s) operations as of the date of expansion. Experience for such operations will be included in the calculation of future modifications.
e. If a risk is intrastate rated in an independent bureau state that participates in the interstate experience rating plan, Rule 2-A-5-a through d applies.

*Refer to the **User's Guide** for examples.*

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B. Rating Effective Date (RED)

The RED appears on a risk's experience rating worksheet. It is the earliest date that a specific modification is applied to a policy. To determine experience rating modification application, *refer to Rule 4-D.*

The rating organization establishes the RED.

Note: Wrap-up policies are not used to determine the RED. *Refer to Rule 5-D-1 for information on wrap-up policies.*

The RED may differ from a risk's policy effective date for reasons including, but not limited to:

- Short-term policies

- Cancellations
- Gaps in coverage
- Changes in ownership or combinability status
- Multiple policy effective dates
- Interstate operations
- A policy that is longer than one year and 16 days
- Late receipt of current policy information by the rating organization

To determine a risk's RED, the rating organization will apply the Rating Effective Date Determination Table in conjunction with a review of the most recent full-term policies and unit statistical data. For purposes of this rule, a full-term policy is written for 12 months and is not cancelled prior to its expiration date.

Rating Effective Date Determination Table

If the risk is . . .	**Then the rating effective date is . . .**
• A **single** policy intrastate or interstate risk, or • A **multiple** policy intrastate or interstate risk with all policies having the **same** effective date	The effective month and day of the most recent full-term policy in effect and each policy thereafter unless the date is changed due to a reason listed above.
A **multiple** policy **intrastate** risk with policies having **different** effective dates	The effective month and day of the most recent full-term policy in effect with the largest amount of estimated standard premium.
A **multiple** policy **interstate** risk with policies having **different** effective dates	The effective month and day of the most recent full-term policy in effect for the state with the largest amount of estimated standard premium.

*Refer to the **User's Guide** for examples.*

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C. Elements of Experience Rating Formula and Worksheet

1. Expected Loss Rate (ELR)

The Expected Loss Rate (ELR) is a factor applied to each $100 of payroll for a classification. It determines the amount of expected losses for a classification in a particular state.

ELRs are listed in the Tables of Expected Loss Rates and Discount Ratios in the state pages of this Plan.

2. Expected Losses

The expected losses for each classification are determined by multiplying the payroll divided by $100 times the ELR. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected losses represent the benchmark level of losses expected for all employers in a state within a particular classification. It is against this benchmark that individual employers are compared, based on their actual losses.

3. Discount Ratio (D-Ratio)

The Discount Ratio (D-Ratio) is a factor applied to the expected losses for each classification. It determines the portion of a risk's expected losses that are expected to be primary losses.

Discount Ratios are listed in the Tables of Expected Loss Rates and Discount Ratios in the state pages of this Plan.

4. Expected Primary Losses

Expected Primary Losses for each classification are determined by multiplying the Discount Ratio times the expected losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected primary losses represent the benchmark level of primary losses for all employers in a state within a particular classification. It is against this benchmark that individual employers are compared, based on their actual primary losses.

5. Actual Incurred Losses

(Exceptions: CO, MA, OR)

For purposes of experience rating, Actual Incurred Losses are those reported according to the ***Statistical Plan.***

For each medical-only claim, the amount is reduced by 70%.

6. Actual Primary Losses

(Exceptions: CO, MA, OR)

Actual Primary Losses are the portion of the actual incurred losses that are used at full value in the experience rating calculation. For each actual incurred loss, the amount up to the applicable state primary/excess split point value is considered primary.

Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.

For each medical-only claim, the primary amount is reduced by 70%.

7. Expected Excess Losses

Expected Excess Losses are determined by subtracting the total expected primary losses from the total expected losses. Within the experience rating modification calculation, the expected excess losses represent the benchmark level of losses in total, for the portion of all claims in excess of the applicable state primary/excess split point value. It is against this benchmark that individual employers are compared, based on their actual excess losses.

Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.

8. Actual Excess Losses

(Exceptions: CO, MA, OR)

Actual Excess Losses are determined by subtracting the total actual primary losses from the total actual incurred losses. Within the experience rating calculation, the excess portion of a loss reflects its severity and is given partial weight based on the size of the risk. As risk size increases, so does the amount of the actual excess losses used in the calculation.

For each medical-only claim, the excess amount, using full value incurred and primary losses, is reduced by 70%.

9. Weighting Value

The Weighting Value is a factor that is applied to a risk's actual excess losses and the expected excess losses. The result is rounded to the nearest whole number. The weighting value determines how much of the actual excess losses and expected excess losses are used in an experience rating. The weighting value increases as expected losses increase.

The Tables of Weighting Values are contained in the state pages of this Plan. Each state's weighting value is based on the total expected losses of the risk.

An interstate risk's weighting value is an average, determined as follows:

a. Multiply each state's weighting value by the state's expected losses.
b. Total the results from all states in a.
c. Divide the total in b. by the risk's total expected losses.
d. Round the result of c. to two decimal places.

10. Ballast Value

The Ballast Value is a stabilizing element designed to limit the effect of any single loss on the experience rating modification. It is added to both the actual primary losses and expected primary losses. The ballast value increases as expected losses increase.

These values may be obtained from the Tables of Ballast Values in this Plan. Each state's ballast value is based on the total expected losses of the risk.

An interstate risk's ballast value is an average, determined as follows:

a. Multiply each state's ballast value by the state's expected losses.
b. Add the product for all states in a.
c. Divide the total in b. by the risk's total expected losses.
d. Round the result of c. to the nearest whole number.

11. Stabilizing Value

The Stabilizing Value is determined as follows:

Expected Excess Losses x (1 – Weighting Value) + Ballast Value

The result is rounded to the nearest whole number. The stabilizing value is included in both the actual and expected portions of the experience rating calculation formula. It limits the potential for significant variances in the experience rating modification factor from one year to the next. Its most significant impact is on smaller risks, which have a greater likelihood for severe swings in experience rating modification factors.

12. Ratable Excess

a. Expected Ratable Excess Losses

Expected Ratable Excess Losses are determined by multiplying the weighting value times the expected excess losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected ratable excess losses represent, in total, the benchmark level of excess losses for all similarly classified employers. It is against this benchmark that individual employers are compared, based on their actual ratable excess losses.

b. Actual Ratable Excess Losses

Actual Ratable Excess Losses are determined by multiplying the weighting value times the actual excess losses. The result is rounded to the nearest whole number. For each actual incurred loss exceeding the applicable state primary/excess split point value, only a portion of the loss amount above the applicable state primary/excess split point value is used. Within the experience rating calculation, the actual ratable excess losses represent, in total, the amount of actual excess losses to be used.

Refer to the Experience Rating Values state pages of this Plan for the applicable state primary/excess split point value.

13. Limitation of Losses Employed in a Rating

(Additional Rules: CO, FL)

Losses are limited to the per claim or multiple claim limitations found in each state's Table of Weighting Values.

a. Single and Multiple Claim Limitation

Basic Loss Limitation Table

(Exceptions: CO, MA, OR) (User's Guide: CO, MA, OR)

If . . .	Then . . .
A medical-only loss (injury type 6) exists	The actual incurred loss, actual primary loss, and actual excess loss amounts are reduced by 70%
An accident involves only one person	• The loss is subject to the per claim accident limitation

	• The actual primary loss is subject to the maximum primary value of the applicable state primary/excess split point value, even if the loss does not exceed the per claim accident limitation
An employers liability-only loss exists	• The loss is subject to the employers liability per claim accident limitation • The actual primary loss is subject to the maximum primary value of the applicable state primary/excess split point value, even if the loss does not exceed the employers liability per claim accident limitation

Loss Limitations for Accidents Involving Two or More Persons Table 1

If an accident involves two or more persons, and . . .	**Then . . .**
The total of the losses exceeds the multiple claim accident limitation	• The total losses are subject to the multiple claim accident limitation • The actual primary loss for these accidents is limited to two times the applicable state primary/excess split point value, even if the losses do not exceed the multiple claim accident limitation
The total of the losses **does not** exceed the multiple claim accident limitation, and none of the individual losses within the total exceeds the state per claim accident limitation	• The individual losses are used at full value • The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value

Loss Limitations for Accidents Involving Two or More Persons Table 2

If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the state per claim accident limitation, and . . .	**Then the individual loss is limited to the state per claim accident limitation and . . .**
The total of the remaining losses exceeds the applicable state primary/excess split point value	• The remainder of the losses are used at full value • The total actual primary losses for the accident are limited to two times the applicable state primary/excess split point value
The total of the remaining losses **does not** exceed the applicable state primary/excess split point value	• The remainder of the losses are used at full value

If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the state per claim accident limitation, and . . .	**Then the individual loss is limited to the state per claim accident limitation and . . .**
	• The actual primary loss is limited to the applicable state primary/excess split point value for the individually limited loss • No actual primary loss limitation applies for the remainder of the losses

Refer to the **User's Guide** *for examples.*

b. Disease Loss Limitation

(Additional Rules: CT) (Exceptions: VA)

Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under Rule 2-C-13-a.

(1) To apply the disease loss policy limitation:

(a) Determine if a risk's individual policy total limited and nonlimited actual incurred disease losses exceed the policy disease limit of triple the per claim accident limitation shown in the Tables of Weighting Values, plus 120% of the risk's total expected losses for the experience period. If the risk-specific threshold is exceeded, the disease losses are limited to such threshold, and

(b) The actual primary losses are limited to two times the applicable state primary/excess split point value, plus 40% of the risk's total expected primary losses for the experience period.

(c) Round the result of (b) to the nearest whole number.

(2) A policy's total disease losses may not meet the risk-specific policy limitation amount as determined in (1)(a) above, but exceed the limitation shown in (1)(b). In such circumstances, Rule 2-C-13-a applies.

Refer to the ***User's Guide*** *for examples.*

(3) For risks that do not have an experience period of 36 months, determine policy disease losses as follows:

To determine the . . .	**Combine the disease losses of all policies within the experience period having an effective date . . .**
Most recent policy year	Within 24 months prior to the rating effective date
Middle policy year	More than 24 months but not exceeding 36 months prior to the rating effective date
Oldest policy year	More than 36 months prior to the rating effective date

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D. Experience Rating Formula

(Additional Rules: ME)

1. Experience Rating Modification Formula

The experience rating modification formula:

- Is used to determine the experience rating modification for all risks eligible for experience rating.
- Includes the data of all states in a risk's experience period to produce an experience rating modification.

Primary Losses		Stabilizing Value				Ratable Excess		Totals
Actual Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Actual Excess Losses	=	Total A
Expected Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Expected Excess Losses	=	Total B

For the experience rating modification, divide Total A by Total B, then round to two decimal places.

*Refer to the **User's Guide** for an example.*

2. Maximum Debit Modification

(Additional Rules: FL)

Experience rating modification factors determined by the formula in Rule 2-D-1 are subject to a cap if the debit modification exceeds a specific amount. The risk-specific maximum debit modification is determined as follows:

Maximum Debit Modification = 1.10 + (0.0004 x E/G)

The maximum debit modification for an interstate risk is limited to the cap for the state with the largest amount of expected losses.

“E” is the risk’s total expected losses.

“G” is a value equal to a state’s average cost per claim for losses used in experience rating, divided by 1000. “G” is located in the Experience Rating Values state pages of this Plan.

*Refer to the **User’s Guide** for an example.*

3. United States Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage

(Additional Rules: TX)

Experience ratings containing classifications where the rates include coverage under the USL&HW Act are calculated using the formula described in Rule 2-D-1.

Classifications subject to the USL&HW Act, but not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios, have their expected losses determined by applying the USL&HW Act Expected Loss Factor to the expected loss rate (ELR) for such classifications.

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E. Experience to Be Used in a Rating

(Additional Rules: MA, OR)

1. Experience Period

(Exceptions: TX)

Experience rating uses past payroll and losses to predict future losses. The experience period represents the total amount of this data used in an experience rating. The calculation of a risk's experience rating modification must include all eligible experience developed during the experience period.

a. A risk's rating effective date determines its experience period. Experience for each of a risk's policies is included if the policy effective date is:

   (1) Not less than 21 months before the rating effective date, and
   (2) Not more than 57 months before the rating effective date

b. A risk's experience period cannot contain more than 45 months of data. The 45-month limitation is a maximum period of time between the expiration date of the most recent policy and the effective date of the oldest policy. While the experience period may not exceed 45 months, an experience rating modification may be produced with less than 12 months of data. The amount of data included in a risk's experience period may be impacted for reasons including, but not limited to:

   - Short-term policies
   - Cancellations
   - Gaps in coverage
   - Changes in ownership or combinability status
   - Rating effective date changes
   - Multiple policy effective dates
   - Policies longer than one year and 16 days
   - Wrap-up policies
   - Interstate operations

c. If both the most recent and oldest policies fit within this experience period, and the inclusion of both policies would exceed 45 months, the oldest policy is not used.

d. Based on a risk's rating effective date:

   (1) A risk's most current data, excluding 4th and 5th reports, is used to calculate experience rating modifications. *Refer to the **Statistical Plan** for valuation date information.*

(2) An individual policy's 1st, 2nd, and 3rd report data may be used in more than three experience rating modifications. However, the policy must be eligible for inclusion according to Rule 2-E-1-a, b, and c.

For effective date ranges, *refer to the Experience Period Reference Table located in the* ***User's Guide.***

Refer to the ***User's Guide*** for examples.

2. Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data

(Additional Rules: MA, OR) (Exception: LA, MA, NC, TX)

a. Experience of risks insured by non-affiliate self-insurers and non-affiliate carriers may be included in an experience rating.
b. The data must be submitted to the rating organization in an approved format (see the ERM-6 Form in Appendix). The data is subject to verification by the affiliate self-insurer or affiliate carrier submitting the data for inclusion in an experience rating.
c. The affiliate self-insurer or affiliate carrier requesting the data inclusion must be the risk's insurer during the time for which the modification including non-affiliate data would apply.
d. For multiple insurer risks, agreement from only one of the risk's insurers, during the time for which the modification would apply, is required.
e. The non-affiliate self-insurer or non-affiliate carrier data will not be used to determine premium eligibility.

3. Discontinued Operations

An entity may elect to discontinue all or part of its operations.

If an entity discontinues . . .	**Then the future experience ratings will include . . .**
All of its operations and reestablishes them at a later date	The applicable data developed prior to the discontinuation.
Part of its operations	The applicable data developed both: • Prior to the discontinuation, and • For the remaining operations

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NOTICE: Although the *formatting* of this online manual, including any state exceptions, may differ from the hard copy, the *content* is identical.

Experience Rating Plan Manual—2003 Edition

Rules

Rule 3—Ownership Changes and Combination of Entities

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A. Reporting Requirement

(Exceptions: MA, NC)

The 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement provides that changes in ownership and/or combinability status must be reported by the employer to its carrier(s) within 90 days of the date of the change. This may be accomplished by submitting:

- A completed Request for Ownership Information—ERM-14 Form (located in the Appendix and on **ncci.com**), or
- The information in narrative form on the letterhead of the employer, signed by an officer

Failure to report changes in ownership to the carrier according to the 90-Day Reporting Requirement—Notification of Change in Ownership Endorsement may be considered experience rating modification evasion. *Refer to Rule 3-F.*

This reporting requirement applies regardless of whether an experience rating modification is currently applicable.

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B. Research and Decision

(Additional Rules: MO) (Exceptions: FL)

The employer, carrier(s), or agent(s) of the employer may submit the ownership and/or combinability status information to the rating organization. The rating organization reviews the information submitted regarding each change and determines the impact, if any, on the experience rating modification(s) of the entities involved.

The complexity of certain transactions may require the rating organization to request additional information. The rating organization may also research public and/or other available records to verify provided information. This

information is used to assist in clarifying complex situations or possible modification evasion. *Refer to Rule 3-F.*

Note: The rating organization only issues rulings for those risks that qualify for experience rating. However, the submitted information will be retained for future reference should a risk qualify for experience rating at a later date.

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C. Ownership Changes

(Additional Rules: TX) (User's Guide: AZ)

Changes in ownership interest may affect the use of an entity's experience in future experience ratings. Based on the rules of this Plan, when a change occurs, the rating organization will determine whether to exclude or retain an entity's experience. *Refer to Rule 3-A for reporting requirements.*

In addition, if the rating organization determines that the ownership transaction improperly affected the experience rating modification, it will take necessary action according to Rule 3-F.

1. Types of Ownership Changes

(Exceptions: AK)

a. For purposes of this Plan, a change in ownership includes any of the following:

(1) Sale, transfer, or conveyance of all or a portion of an entity's ownership interest
(2) Sale, transfer, or conveyance of an entity's physical assets to another entity that takes over its operations
(3) Merger or consolidation of two or more entities
(4) Formation of a new entity that acts as, or in effect is, a successor to another entity that:

(a) Has dissolved
(b) Is non-operative
(c) May continue to operate in a limited capacity

(5) An irrevocable trust or receiver, established either voluntarily or by court mandate

b. For purposes of this Plan, a change in ownership does not include the following:

(1) Entities entering or leaving employee leasing arrangements
(2) Creation or dissolution of joint ventures
(3) Wrap-up projects
(4) Establishment of or change in a revocable trust
(5) Establishment of “debtor in possession” status
(6) Entities entering or leaving affiliation, franchise and/or management agreements
(7) Probate proceedings (until a disposition of the estate is complete)

Note: For more information on experience rating of employee leasing arrangements, joint ventures, and wrap-up projects, *refer to Rule 5.*

2. Impact of Ownership Changes

Ownership changes may result in a change in:

a. Experience rating modification.
b. Combinability status with other entities.
c. Premium eligibility status—an entity may or may not qualify to be experience rated. *Refer to Rule 2-A for more information regarding premium eligibility.*
d. Rating effective date.

*Refer to the **User's Guide** for examples.*

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D. Combination of Entities

(Additional Rules: GA, KS, OR, TX) (User's Guide: AZ)

1. The combination of two or more entities requires common majority ownership. Combination requires that:

    a. The same person, group of persons or corporation owns more than 50% of each entity, or
    b. An entity owns a majority interest in another entity, which in turn owns a majority interest in another entity. All entities are combinable for experience rating purposes regardless of the number of entities involved.

    *Refer to the **User's Guide** for examples.*
2. Determination of majority ownership interest is based on the following:

    a. Majority of issued voting stock.
    b. Majority of the owners, partners or members if no voting stock is issued.
    c. Majority of the board of directors or comparable governing body if a. or b. is not applicable.
    d. Participation of each general partner in the profits of a partnership. Limited partners are **not** considered in determining majority interest.
    e. Ownership interest held by an entity as a fiduciary. Such an entity's total ownership interest will also include any ownership held in a nonfiduciary capacity.

        For purposes of this rule, fiduciary does not include a debtor in possession, a trustee under a revocable trust, or a franchisor.

    *Refer to the **User's Guide** for examples.*
3. **Multiple Combinations**

a. More than one combination of entities may be possible within a group of entities. The selection of combinations is based on the combination that involves the most entities.
b. If Rule 3-D-3-a does not result in a single group with a majority of entities, the combination will be based on the group that has the largest amount of estimated standard premium. The estimated standard premium is based on the policies in effect at the time of the combination.
c. The experience of any entity may be used in only one combination.

*Refer to the **User's Guide** for examples.*

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E. Treatment of Experience

1. Transfer of Experience

(Additional Rules: MO, NC, OR) (Exception: MA, ME, OR)

Changes in ownership and/or combinability status may or may not result in revisions of experience rating modifications. The rating organization may issue, retract, and/or revise the current and up to two preceding experience rating modifications due to ownership and/or combinability status changes. For purposes of this rule, the current experience rating modification is the experience rating modification in effect on the date that the notification of the change is received by the rating organization.

The rating organization will request separate data from the carrier when appropriate. In certain cases, documentation may be needed to validate the accuracy of the submitted data. Refer to NCCI's **Experience Rating (ER) Split Data Reporting Guide** for the data reporting requirements.

The experience for any entity undergoing a change in ownership will be retained or transferred to the experience rating modification(s) of the acquiring, surviving, or new entity unless specifically excluded by this Plan.

Transfer of Experience Table 1

If the single or multiple entity risk disposes of all of its operations, and the purchaser . . .	Then . . .
Does not have any prior or current policies or experience	The experience will be retained in the future experience rating modification(s) of the purchaser, subject to Rule 2-A.
• Has prior experience, for which an experience rating modification has already been issued, or • Has prior experience, but did not qualify for experience rating	The experience will be retained in the future experience rating modification(s) of the purchaser and combined with the other experience of the purchaser, subject to Rule 2-A.

Transfer of Experience Table 2

If the single or multiple entity risk . . .	And the purchaser . . .	Then . . .
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and • The insurance provider can furnish the rating organization with the appropriate experience to provide for transfer of the data to the purchaser	Does not have any experience	• The appropriate experience will be retained in the future experience rating modification(s) of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience rating modification(s) of the seller. • If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
	• Has experience but does not qualify for experience rating, or • Is an experience rated risk	• The appropriate experience will be retained in the future experience rating modification(s) of the purchaser, and combined with the other experience of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience rating modification(s) of the seller. • If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and	• Does not have any experience, or • Has experience but does not qualify for experience rating	• A unity factor (1.00) will apply to the purchaser’s policy until qualifying experience is developed. • All experience developed prior to the sale remains in future experience rating modification(s) of the seller.

If the single or multiple entity risk . . .	And the purchaser . . .	Then . . .
• The insurance provider cannot furnish the rating organization with the appropriate experience to provide for transfer of the data to the purchaser	Is an experience rated risk	• The purchaser's experience rating modification will continue to apply. Any experience developed by the purchased entity(ies) after the sale will be included in the future experience rating modification(s) of the purchaser. • All experience developed by the purchased entity(ies) prior to the sale remains in the future experience rating modification(s) of the seller.

2. Exclusion of Experience

(Exception: ME)

Rare circumstances may require that experience for any entity undergoing a change in ownership be excluded from future experience ratings. The experience will be excluded only if the rating organization confirms all of the following:

a. The change must be a material change such that:

(1) The entire ownership interest **after** the change had no ownership interest **before** the change, or

(2) The collective ownership of all those having interest in an entity results in either less than:

- 1/3 ownership **before** the change, or
- 1/2 ownership **after** the change; and

b. The material change in ownership is accompanied by a change in operations sufficient to result in reclassification of the governing classification; and

c. The material change in ownership is accompanied by a change in the process and hazard of the operations. Change in process and hazard is determined by the rating organization.

*Refer to the **User's Guide** for examples.*

Except for action that may be taken under Rule 3-F, experience is not otherwise excluded for employee leasing companies and temporary employment agencies. *For more information on employee leasing companies, refer to Rule 5-A.*

3. Recalculation and Application of Experience Rating Modifications

(Exception: MA)

a. If a change in ownership and/or combinability status occurs, recalculation of experience rating modifications may be required, as described in the table below. Changes in ownership and/or combinability status may also result in a change in rating effective date, as determined by the rating organization. *Refer to Rule 2-B for information on rating effective date.*

If the rating organization . . .	**Then . . .**
Determines that a change in ownership and/or combinability status requires recalculation of experience rating modification(s)	The rating organization will revise the current and up to two preceding experience rating modification(s). For purposes of this rule, the current experience rating modification is the experience rating modification in effect on the date that the notification of the change is received by the rating organization.
Revises the current and up to two preceding experience rating modification(s) because of a change in ownership and/or combinability status	The revised experience rating modification(s) (increase or decrease) is applied retroactively to the date of the change in ownership and/or combinability status.

*Refer to the **User's Guide** for examples.*

b. Recalculation and application of experience rating modifications in conjunction with this rule is subject to Rules 3-F and 4-E.

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F. Evasion of Experience Rating Modification

1. Actions

(Exception: AK)

Some employers may take actions for the purpose of avoiding an experience rating modification. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in the improper application of an experience rating modification. Regardless of intent, any action that results in the miscalculation or misapplication of an experience rating modification determined in accordance with this Plan is prohibited. These actions include, but are not limited to:

- Failure to report changes in ownership according to Endorsement WC 00 04 14
- A change in ownership
- A change in combinability status
- Creation of a new entity
- Transfer of operations from one entity to another entity that is not combinable according to Rule 3-D
- Misrepresentation on audits or failure to cooperate with an audit

2. Rating Organization Response

(Exception: FL, MA)

In such circumstances, the rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included, but not limited to, those listed in Rule 3-F-1.

The rating organization will act to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by these actions. This includes, but is not limited to the:

- Combination of experience that would otherwise not be combinable according to Rules 3-D and 3-E-1
- Separation of experience that would otherwise be combinable according to Rules 3-D and 3-E-1
- Exclusion of experience that would otherwise be included according to Rule 3-E-1
- Continuation of experience that would otherwise be excluded according to Rules 3-E-1 and 3-E-2
- Issuance of experience rating modifications that were not originally issued
- Revision and/or retraction of experience rating modifications

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Experience Rating Plan Manual—2003 Edition

Rules

Rule 4—Application and Revision of Experience Rating Modifications

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A. General Explanation

(Additional Rules: GA) (Exceptions: TX)

1. Experience rating modifications for eligible risks generally are determined on an annual basis and are effective for a period of 12 months. However, as provided in this Plan, certain circumstances may result in a reduced or extended application of an experience rating modification. *Refer to Rule 4-D.*
2. Only one experience rating modification applies to a risk at any time and it applies to all operations of the risk.
3. Experience rating modifications are applied to the premium developed by the use of the carrier's rates in force on the effective date of the experience rating modification.

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B. Inclusion of Payroll and Losses

1. Revision of Payroll

An insurance provider may discover within the audit period (within three years of policy expiration) that previously reported payroll must be revised. When the rating organization receives correction reports according to the ***Statistical Plan,*** it will revise the current and up to two preceding experience rating modifications.

2. Revision of Losses

(Additional Rules: CT, FL, GA, MA, MO, OR, VA, VT) (Exceptions: FL, IL, ME, SC, OR) (User's Guide: MO)

Revised unit reports (correction reports) to 1st, 2nd, and 3rd reports according to the ***Statistical Plan*** may be submitted. With limited exception as indicated below, the rating organization will use all correction reports in the production of the appropriate experience rating modifications.

a. Submission of revised unit reports according to the ***Statistical Plan*** will result in the automatic recalculation of the current and up to two preceding experience rating modifications.
b. If a paid or anticipated recovery from a special fund becomes known by the carrier, the current experience rating modification is that which is in effect when the insurance provider determines the revised loss value. The time frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.
c. If a subrogation recovery is obtained in an action against a third party, the current experience rating modification is that in effect when the insurance provider determines the revised loss value. The time frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.

3. Corrections in Classifications

(Additional Rules: FL)

(Exceptions: MO)

a. A risk's classification(s) may be corrected in accordance with the ***Basic Manual.*** When a classification assigned to a risk is revised other than as a result of a change in risk operations, the experience rating modification may be recalculated by the rating organization. The purpose of such recalculation is to produce an experience rating modification factor using rating values that correspond to the rates charged on a policy.
b. In such circumstances, the rating organization will act to ensure the proper calculation and application of experience rating modifications. This includes, but is not limited to:

    - Reassigning past payroll to the appropriate classification code and rating values
    - Using correction reports submitted in accordance with the ***Statistical Plan***
    - Reviewing the information submitted regarding each change and determining the impact, if any, on the experience rating modification(s) of the entities involved
    - Requesting additional information, if necessary, due to the complexity of certain corrections

c. The rating organization will not revise a modification if the change in classification is a result of:

    - A change in risk operations
    - A filed and approved change to the classification system

4. Third Party Cases

(Exceptions: OR)

Losses for which a third party claim has been made are included in the calculation of an experience rating modification under the following conditions:

a. Unsettled Claims

Use the loss as reported at full value.

b. Settled Claims

(Exceptions: VA)

Use the following procedure to adjust the loss amount:

(1) Determine loss amount prior to settlement
(2) Subtract the amount recovered
(3) Add the expenses incurred in obtaining the recovery
(4) If the expense amount in (3) exceeds the recovery amount in (2), use the loss amount (1) prior to settlement

5. Liability-Over Cases

When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating calculation is as follows. When settled liability–over claims result in:

a. No payment to a third party—The experience rating calculation will include any allocated claim adjustment expense incurred in defending such claims. This expense is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.
b. Payment to a third party—No change is made in the loss valuation used in the calculation of the current experience modification. At the next valuation date, the calculation will include the settlement amount plus any allocated claim adjustment expense incurred in defending such claims. This expense and settlement is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.

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C. Types of Experience Rating Modifications

1. Preliminary Modifications

(Additional Rules: NC)

(Exception: MA)

A preliminary modification uses existing rating values that are expected to change pending regulatory action on a rate filing. The preliminary modification must be applied until the final experience rating modification is determined.

2. Final Modifications

(Exception: MA)

When a rate filing is approved in a state, the experience rating modification will be recalculated using the new rating values, and will become final. An experience rating modification may also be released originally as a final modification if there were no pending rate filings at the time the modification was released.

3. Contingent Modifications

(Exception: MA, OR)

a. Explanation

(Additional Rules: NE) (Exception: OR)

(1) A contingent modification is one that is missing some data, but still meets the minimum data requirement displayed in the Minimum Data Requirements Table.
(2) Contingent modifications for interstate risks must attain the minimum data requirements for each state meeting the intrastate premium eligibility levels.
(3) If an intrastate or interstate risk does not attain the minimum amount of data required, a modification will not be issued. In such cases, a unity (1.00) factor applies.

b. Minimum Data Requirements

The following table provides the minimum data requirements for all experience periods possible under this Plan. *Refer to Rule 2-E-1 for more information on experience period.*

Minimum Data Requirements Table

(Exceptions: TX)

Experience Period	Number of Months of 1st Report Unit Statistical Data	Experience Period	Number of Months of 1st Report Unit Statistical Data
Less than 12	All Data	35	23
12–24	12	36	24
25	13	37	25
26	14	38	26
27	15	39	27
28	16	40	28
29	17	41	29
30	18	42	30
31	19	43	31
32	20	44	32
33	21	45	33
34	22		

c. Exceptions to Minimum Data Requirements

(Exception: MA)

Experience rating modifications will be issued and will not be labeled contingent when the rating organization determines that the:

(1) Risk has had a lapse in coverage.
(2) Non-affiliate insurer had covered the risk.
(3) Insurance provider is insolvent and not expected to report unit statistical data.

d. Submission of Missing Data

When the missing data is submitted according to the ***Statistical Plan***, the rating organization will revise the current modification, and if applicable, up to two preceding modifications.

e. Application

A contingent modification applies until another experience rating modification is issued by the rating organization with the same effective date, subject to Rule 4-E.

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D. Application for Single and Multiple Policy Risks

(Exceptions: IL)

(Additional Rules: KS, TX)

The rating effective date (RED) determines the application of an experience rating modification. The RED is determined according to Rule 2-B of this Plan. An experience rating modification will apply for:

- No less than three months, except for those impacted by changes in ownership and combinability status according to Rule 3
- No more than 15 months

1. For Single Policy Risks

(Exceptions: FL, GA, IL, NM)

a. The experience rating modification applies for the full term of the policy if the policy begins on the RED or within three months after the RED.
b. If a policy begins **more than** three months after the RED, the following procedure applies:

(1) The current experience rating modification applies to the new policy until the date the modification expires.
(2) A renewal experience rating modification applies to the new policy until the date the policy expires.
(3) A new RED may be established. Usually, this will be the date 12 months after the effective date of the new policy.

2. For Multiple Policy Risks

If a risk is covered by two or more policies with varying effective dates, the following procedure applies:

a. An experience rating modification is issued to be effective for 12 months. This modification applies to the portion of each policy falling within that 12-month period, regardless of the policy's effective and expiration dates.
b. A renewal experience rating modification applies to each policy as described in 2-a.
c. The rating organization will review the effective dates of the multiple policies and may authorize the application of an experience rating modification for a period of other than 12 months.

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E. Changes in Experience Rating Modifications

(Additional Rules: ME, NE, TN) (Exceptions: MA)

Experience rating modifications may change for reasons detailed in this Plan. These changes can occur at various points in time. The following table provides the rules regarding the application of an experience rating modification when a change occurs.

Changes in Experience Rating Modifications Table

(Additional Rules: MA)(Exceptions: AK, FL, IL, KS, ME, MO, NE, OR, TN, TX)

If the change results in . . .	And the change occurs . . .	Then the change is applied . . .
A ***decrease*** in the experience rating modification for any reason other than a correction in classification according to Rule 4-B-3	• At any time during the policy period, or • After expiration of the policy but within revision period according to Rule 4-B	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date Decreases in experience rating modifications due to a change in ownership and/or Note: combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.
An ***increase*** in the experience rating modification due to: • Revision of payroll • Revision of losses • Change in status from preliminary to final	***Within*** 90 days after the policy effective date	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date

If the change results in . . .	And the change occurs . . .	Then the change is applied . . .
modification • Change in status of contingent modification • Any additional reasons other than exclusions listed below		
	More Than 90 days after the policy effective date	Pro rata from the date the carrier endorses the policy.
Exclusions: An ***increase*** in the experience rating modification due to: • Changes in ownership and/or combinability status • Retroactive reclassification of a risk • The termination of a client's employee leasing arrangement under a master policy approach • Late issuance of an experience rating modification due to a risk that has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to modification avoidance • Appeals Board or other appropriate administrative process or judicial decision	• At any time during the policy period, or • After expiration of policy	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date Note: Increases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.

NOTICE: Although the *formatting* of this online manual, including any state exceptions, may differ from the hard copy, the *content* is identical.

Experience Rating Plan Manual—2003 Edition

Rules

Rule 5—Special Rating Conditions

Effective 01 Nov 2021 12:00:01

Under this Plan the following rules represent specialized rating treatment for employee leasing arrangements, joint ventures, interstate rating considerations and wrap-up construction projects.

A. Employee Leasing/Professional Employer Organizations

(Exceptions: CT, HI, IL, MA, ME, MO, NE, OK, TX) (Additional Rules: WV) (User's Guide: AZ, CT, GA, HI, IN, KY, MA, ME, MO, MT, NE, NM, NV, OK, OR, UT, VA)

1. Employee Leasing/Professional Employer Organization (PEO) Arrangements

(Additional Rules: IN)

(Exceptions: FL)

NCCI's ***Basic Manual*** and ***Residual Market Manual*** provide the rules under which policies involving employee leasing arrangements are written. Refer to these manuals for the state-specific rules. An employee leasing company may also be referred to as a labor contractor, professional employer organization, or PEO.

In a normal business environment, a risk may be insured for many years through a direct relationship with one or more insurance carriers. Under employee leasing, clients may move in and out of leasing arrangements or from one arrangement to another. These Plan rules address the calculation and application of experience rating modifications for such arrangements.

2. Calculation and Application of Experience Rating Modification

(Additional Rules: CO, NV) (Exceptions: AZ, KY MT, OR)

a. While a Client Is Involved in an Employee Leasing Arrangement

(Exceptions: AZ, FL, KS, KY, MT, NV, OR, UT, VA)

Experience rating modifications apply to PEOs and clients while in an employee leasing arrangement. PEO Table 1 provides the rules for both master policy and multiple coordinated policy (MCP) scenarios. *Refer to the*

User's Guide for examples.

PEO Table 1

(Exceptions: FL, UT)

The arrangement is covered under a . . .	Client	PEO
Master policy	1. For master policies covering the client's leased employees, the PEO's experience rating modifications apply. 2. For policies covering the client's non-leased employees, separate experience rating modifications apply, subject to premium eligibility requirements. These modifications will include all the client's experience, if any, prior to the leasing arrangement. 3. If the client **does not** qualify for experience rating based on its prior experience, a unity (1.00) factor applies to: • The policy covering the client's non-leased employees • Subsequent policies, until the client is eligible for an experience rating modification	1. The PEO's experience rating modifications apply to the master policies as well as any other policy of the PEO. 2. If the PEO **does not** qualify for experience rating, a unity (1.00) factor applies to: • The master policy and any other of the PEO's policies • Subsequent policies, until the PEO is eligible for an experience rating modification
Multiple coordinated policy (MCP) basis	1. The client's experience rating modifications apply to: • The client's policy under the MCP • Any other policies covering the	1. The PEO's experience rating modifications apply to the policies covering the PEO's direct employees. 2. If a PEO **does not** qualify for experience rating, a unity (1.00) factor applies to:

The arrangement is covered under a . . .	Client	PEO
	client's non-leased employees. These modifications will include the client's experience prior to the leasing arrangement, if any. 2. Subsequent experience rating modifications will include the client's experience for leased and non-leased employees developed during the leasing arrangement, and apply as detailed in 1. above. 3. If the client **does not** qualify for experience rating, a unity (1.00) factor applies to: • The client's policy under the MCP • Any other policies covering the client's non-leased employees • Subsequent policies, until the client is eligible for an experience rating modification	• All of the PEO's policies • Subsequent policies, until the client is eligible for an experience rating modification.

b. Upon Termination of a Client's Employee Leasing Arrangement

(Exceptions: AZ, FL, KS, MA, MT, NM, NV, UT, VA)

When a client terminates an employee leasing arrangement, experience rating modifications are impacted. The experience rating rules for both master policy and multiple coordinated policy (MCP) scenarios are provided below. *Refer to the **User's Guide** for examples.*

(1) Master Policy

(Additional Rules: NC) (Exceptions: GA, KY, NM, OR, UT, VA)

When a client leaves an employee leasing arrangement covered under a master policy, the PEO's insurance provider reports the client's data developed during the employee leasing arrangement to the rating organization to calculate an experience rating modification for the former client, subject to Rule 2-A. *Refer to NCCI's **Experience Rating (ER) Split Data Reporting Guide** for the data reporting requirements.*

PEO Table 2 provides the experience rating rules for the client and PEO when a client leaves an employee leasing arrangement covered under a master policy basis. *Refer to the **User's Guide** for examples.*

PEO Table 2

(Exceptions: FL, IN, KY, NM, UT)

The arrangement was covered under a master policy and . . .	**Client**	**PEO**
The insurance provider **can** furnish the rating organization with the appropriate experience to provide for transfer of the client's data	1. The rating organization will calculate the client's experience rating modification using the data reported for the client. This experience rating modification will include experience for the client's covered and noncovered (if any) employees during the experience period. Note: The PEO's experience rating modification applies to the client's new policy **until** the rating organization calculates the client's own experience rating modification. 2. The client's new experience rating modification will apply to the client's policy retroactive to the inception of the policy. 3. If the client isn't eligible for experience rating based on the client's experience for covered and noncovered employees during the experience period, a unity (1.00) factor will apply to the client's policy until the client is eligible for an experience rating modification.	The rating organization will revise the PEO's experience rating modification to remove the data reported for the former client.
The insurance provider **cannot** furnish the rating organization with the appropriate experience to	1. Then an experience rating modification is calculated	The client's experience remains in the PEO's experience rating modification.

The arrangement was covered under a master policy and . . .	Client	PEO
provide for transfer of the client's data	for the client using experience developed: • Prior to the employee leasing arrangement • From policies covering noncovered employees 2. If an experience rating modification cannot be developed, the PEO's experience rating modification applies to the client's policy until the client is eligible for its own experience rating modification. However, the PEO's experience rating modification cannot apply for more than three years. 3. After three years, a unity (1.00) factor will apply to a client not eligible for experience rating.	

(2) Multiple Coordinated Policy (MCP)

(Exceptions: KY, OR, UT, VA)

No special treatment is necessary to develop an experience rating modification for the client when it leaves an employee leasing arrangement covered on a multiple coordinated policy basis. This is because the data is submitted routinely for each client according to the ***Statistical Plan***, and experience rating modifications are calculated and applied as detailed in Rule 5-A-2-a.

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B. ~~Ex-Medical Experience~~

[___]

Effective 01 Dec 2003 12:00:01

C. Separate State Experience Rating Modification

1. Explanation

A separate experience rating modification for a single state in an interstate rated risk may be calculated. The single state experience rating modification is calculated using a weighted average, which is based on the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.

2. Permitted as Follows

(Exceptions: OR)

a. The risk must be interstate rated.
b. The risk must qualify for an intrastate rating in the state where the separate state experience rating modification is requested.
c. The risk must qualify for an intrastate rating in at least one other state.
d. The request for a separate state experience rating modification must be:

- From a carrier only licensed to write workers compensation insurance in the state for which the separate state modification is requested.
- In writing and subject to the agreement of the insured.
- Received by the rating organization prior to the rating effective date.

e. The experience rating modifications determined by Steps A–C of Rule 5-C-4 are calculated using the experience rating modification formula and the cap on modifications.

3. Application

a. Any experience rating modification calculated under this rule applies for the full rating period, regardless of whether the insurance is provided by the requesting carrier or another carrier.
b. The separate state experience rating modification applies to all of a risk's operations in that state. The remaining interstate mod is applied to all other states.
c. A risk may qualify for a separate state experience rating modification in more than one state. Under this circumstance, the completed modification for each qualifying state is that state's separate state experience rating modification.

4. Determination of the Separate State Experience Rating Modification

Follow the step-by-step procedure to calculate the separate state experience rating modification.

Step A—Calculate, on an interstate basis, a modification for the entire risk.

Step B—Calculate, on an intrastate basis, a modification for the state for which a separate modification has been requested.

Step C—Calculate, on an interstate basis, a modification for all states excluding the state for which a separate modification has been requested.

Step D—Calculate the following (using the results in Steps A, B, and C):

$$\frac{\text{Result of Step A x Total Expected Losses in All States}}{}$$

(Result of Step B x Expected Losses in Separate State) +
(Result of Step C x Expected Losses in All Other States)

Step E—Calculate the completed separate state experience rating modification by multiplying the result in Step B by the result in Step D.

Step F—Calculate the completed experience rating modification for all other states by multiplying the result in Step C by the result in Step D.

*Refer to the **User's Guide** for an example.*

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D. Construction/Contracting Risks

(Additional Rules: NV)

1. Wrap-Up Construction Project

A policy issued for an entity participating in a wrap-up construction project is subject to its own experience rating modification. Payroll and loss experience developed for all such policies is used in future experience rating modifications of the participating entities. There is no experience rating modification for the wrap-up construction project as a unit. *Refer to the **Basic Manual** for more information on wrap-up construction projects*.

2. Joint Ventures

(Additional Rules: FL)

Two or more contractors, not combinable for experience rating under the rules of this Plan, may associate for the purpose of undertaking one or more projects as a joint venture.

A joint venture may qualify for its own experience rating provided all of the following conditions are met:

- The contract(s) for the participating entities is awarded in the name of the joint venture; and
- The participating entities share the control, direction, and supervision of all work undertaken; and
- The participating entities maintain a common bank account, payroll, and business records

The experience of the joint venture participants is excluded from their individual experience rating modifications.

Experience Rating Modification Determination

A joint venture	The experience rating modification is calculated
Will not qualify for its own modification in the first year or two year(s) of operation(s)	By the carrier using:

A joint venture	The experience rating modification is calculated
	• An arithmetic average of the experience rating modifications of the participating entities • A unity (1.00) factor for a participating entity that does not have its own modification
May qualify for its own modification in the third and subsequent year(s) of operation(s)	By the rating organization using the experience developed by the joint venture.

3. Cost-Plus Contracts

Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work performed plus a fixed fee. A policy covering both the contractor and the principal is:

- Assigned the experience rating modification of the contractor
- Included in the experience of the contractor

4. Uninsured Contractors

The experience of an uninsured contractor is included in the experience of the principal contractor or the principal owner.

Exhibit 2

STATE RULE EXCEPTIONS

RULE 1—GENERAL EXPLANATIONS

C. DEFINITIONS *Effective 01 Jan 2024*

3. Losses

Change Rule 1-C-3-a as follows:
No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019 through December 31, 2023. This rule applies to experience rating modifications with rating effective dates of August 16, 2020, and later.

Exception: Claims that are reported as noncompensable are excluded from experience rating calculations. For instructions on noncompensable claims, refer to Massachusetts Rule 4-B-2-f.

Exception: Losses reported with Catastrophe Number 48 are excluded from experience rating calculations. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2006.

Exception: Losses reported with Catastrophe Number 87 are excluded from experience rating calculations. Catastrophe Number 87 claims include all workers' compensation occupational disease claims resulting from the rescue, recovery and clean up work at the World Trade Center occurring between the dates of September 11, 2001 and September 12, 2002. The employee's injury must have occurred within the jurisdiction of New York and the claimant must be filing for benefits under New York law. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2007.

6. Statistical Plan

Add the following to Rule 1-C-6:
In certain circumstances, fourth and fifth reports and corrections to those reports may be used in experience rating calculations. Refer to Rule 4-B-2-e.

In Massachusetts, the ***Massachusetts Workers' Compensation Statistical Plan*** is used.

Add the following to Rule 1-C:

9. Massachusetts Workers Compensation and Employers Liability Insurance Manual

The ***Workers' Compensation and Employers Liability Insurance Manual*** ("MA Manual") is the Massachusetts equivalent to NCCI's ***Basic Manual.*** Massachusetts users should substitute "MA Manual" for "Basic Manual" throughout this Plan.

D. ADMINISTRATION *Effective 01 Jul 2006*

Change Rule 1-D-4 as follows:

4. The designated carrier is issued the experience rating worksheet when the rating is calculated. The WCRIB will provide a copy of the rating to the insured upon request. Other parties, such as agents, risk managers, or carriers (other than the insuring carrier) can obtain a copy of the worksheet with the permission of the insured at a cost. The permission of the insured is presented through a "Letter of Authority," which must be on the insured's stationery and must be signed by the insured. An e-mail or a fax from the insured is considered the insured's stationery.

RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA

C. ELEMENTS OF EXPERIENCE RATING FORMULA AND WORKSHEET *Effective 01 Jul 2006*

5. Actual Incurred Losses

Change Rule 2-C-5 as follows:
For purposes of experience rating, Actual Incurred Losses are those reported according to the ***Statistical Plan.***

6. Actual Primary Losses

Change Rule 2-C-6 as follows:
Actual Primary Losses are the portion of the Actual Incurred Losses that are used at full value in the experience rating calculation. For each actual incurred loss, the amount up to $7,500 is considered primary.

8. Actual Excess Losses

Change Rule 2-C-8 as follows:
Actual Excess Losses are determined by subtracting the Actual Primary Losses from the Actual Incurred Losses. Within the experience rating calculation, the excess portion of a loss reflects its severity and is given partial weight based on the size of the risk. As risk size increases, so does the amount of the actual excess losses used in the calculation.

13. Limitation of Losses Employed in a Rating

a. Single and Multiple Claim Limitation

Change Basic Loss Limitation Table of Rule 2-C-13-a as follows:

- **Basic Loss Limitation Table**

If . . .	**Then . . .**
An accident involves only one person	• The loss is subject to the per claim accident limitation • The actual primary loss is subject to the maximum primary value of $7,500, even if the loss does not exceed the per claim accident limitation
An employers liability-only loss exists	• The loss is subject to the employers liability per claim accident limitation • The actual primary loss is subject to the maximum primary value of $7,500, even if the loss does not exceed the employers liability per claim accident limitation

E. EXPERIENCE TO BE USED IN A RATING *Effective 01 Jul 2006*

2. Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data

Add the following to Rule 2-E-2:
In Massachusetts, the terms "non-affiliate self-insurers" and "non-affiliate carriers" are not used. For the purpose of Massachusetts' users, this section applies to self-insurance groups (SIGS) and non-members carriers.

Change Rule 2-E-2-a as follows:
a. Experience of risks insured by non-member carriers and SIGs may be included in experience ratings.

Change Rule 2-E-2-b as follows:
b. All non-member carriers and SIGs must get approval from the MA Bureau before submitting statistical data.

Change Rule 2-E-2-c as follows:
c. The data must be submitted to the MA Bureau according to the rules of the ***Massachusetts Statistical Plan.***

Change Rule 2-E-2-d as follows:
d. Non-member carrier and SIG data correctly submitted to the MA Bureau will be used to determine experience modification and merit rating eligibility and will be used in the calculation of Massachusetts experience modifications and merit ratings distributed to members, non-members, and SIGs.

Change Rule 2-E-2-e as follows:
e. Massachusetts SIG data will not be used in interstate experience ratings issued by NCCI.

Add the following to Rule 2-E:

4. Self-Insurer's Data

The data of an employer who is a licensed self-insurer under Massachusetts General Law, c. 152, § 25A(2), is not used in an experience rating modification except when recommended by the Bureau Manager and approved by the Commissioner of Insurance.

RULE 3—OWNERSHIP CHANGES AND COMBINATION OF ENTITIES

F. EVASION OF EXPERIENCE RATING MODIFICATION *Effective 01 Jul 2006*

Change Rule 3-F-2 as follows:
In such circumstances, the rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included, but not limited to, those listed in Rule 3-F-1.

The rating organization will act to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by these actions.

RULE 4—APPLICATION AND REVISION OF EXPERIENCE RATING MODIFICATIONS

B. INCLUSION OF PAYROLL AND LOSSES *Effective 11 Jul 2007*

2. Revision of Losses

Add the following to Rule 4-B-2:
In certain circumstances, 4th and 5th reports and their corrections may be used in the production of experience rating modifications. *Refer to Rule 4-B-2-e for more information.*

Add Rule 4-B-2-d as follows:

d. Aggravated Inequity Rule

Experience modifications are generally based on claim reserves valued as of specific valuation dates determined by the ***Massachusetts Workers' Compensation Statistical Plan.*** When all of the circumstances listed below are met, then the employer may send a written request to the Bureau to revise the experience modification to reflect a closed amount instead of a reserved amount. When all the circumstances listed below are met and identified by the insuring and reporting carrier, the carrier may send a correction to the original statistical report, identified as a correction due to an aggravated inequity. Requests from employers and agents or corrections from the carrier must be received by the Bureau within 30 days of the rating effective date or rating issue date (whichever is later), or within a reasonable time thereafter with good cause shown. The following circumstances must all be met:

(i) One or more of the claims reflected in an issued experience modification is based on a reserve (i.e., the claim had not yet been closed); and
(ii) The employer has learned that such claim(s) have since closed; and
(iii) The claim(s) closed between the normal valuation date and the effective date of the experience modification; and
(iv) The claim(s) closed for amounts less than the reserved amounts.

Add Rule 4-B-2-e as follows:

e. Recalculation Due to Change in Claim Values

1. Method of Recalculation

For each open claim in excess of $7,500 at third report, except those involving permanent and total disability or death, the rating organization designated by the Commissioner pursuant to M.G.L. c. 152, § 65C, shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fourth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the prior total valuation of such claims at third report, the rating organization shall recalculate the experience modification which utilized such third report.

In addition, for each open claim in excess of $7,500 at third report, except those involving permanent and total disability or death, the rating organization shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fifth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the total valuation of such claims at third report, the rating organization shall recalculate the experience modification which utilized such third report.

No recalculations shall be performed which included effects of change on any claim which has not been closed at the time of such recalculation.

The result of any recalculation performed under this rule shall appear as a credit or debit on the insured's bill.

2. Failure to Pay

Failure to pay any amounts owed an insurer as a result of recalculation of an experience modification pursuant to this regulation, shall constitute nonpayment of premium and be grounds for termination of the policy.

Add Rule 4-B-2-f as follows:

f. Recalculation Due to Determination of Non-Compensability
If a claim is found to be non-compensable as defined in Section III-A-2 of the ***Massachusetts Workers' Compensation Statistical Plan,*** then the claim should be reported at the value that the carrier actually paid out net of any recovery, as instructed by the ***Statistical Plan.*** An experience modification or merit rating, however, will not include the experience of any claim that was determined to be non-compensable.

C. TYPES OF EXPERIENCE RATING MODIFICATIONS *Effective 01 Jul 2006*

1. Preliminary Modifications

Change Rule 4-C-1 as follows:

A preliminary modification uses existing rating values that are expected to change pending regulatory action on a rate filing. The preliminary modification must be applied until the pending rate filing is approved and the experience rating modification is recalculated using the new rating values.

2. Final Modifications
Rule 4-C-2 does not apply in Massachusetts.

3. Contingent Modifications *Effective 01 Jul 2010*

c. Exceptions to Minimum Data Requirements

Change Rule 4-C-3-c as follows:
Rules 4-C-3-c(2) and (3) do not apply in Massachusetts.

E. CHANGES IN EXPERIENCE RATING MODIFICATIONS *Effective 01 Jul 2006*

Changes in Experience Rating Modifications Table

Add the following to Exclusions:

Recalculation according to Rule 4-B-2-e.

RULE 5—SPECIAL RATING CONDITIONS

A. EMPLOYEE LEASING/PROFESSIONAL EMPLOYER ORGANIZATIONS *Effective 01 Jul 2006*

Rule 5-A does not apply in Massachusetts. Refer to MA Regulation 211 CMR 111.00 contained in the ***Massachusetts Workers' Compensation and Employers Liability Insurance Manual.***

B. ~~EX-MEDICAL EXPERIENCE~~ *Effective 01 Sep 2012*

MISCELLANEOUS RULES

MERIT RATING PLAN *Effective 01 Jul 2006*
The ***Experience Rating Plan Manual*** rules apply to the Merit Rating Program, subject to the following:

1. Purpose
The object of the Merit Rating Program is to provide a revised pricing mechanism for risks too small to qualify for experience rating to share in the loss experience they generate.

2. Eligibility
A risk is eligible for the Merit Rating Program if it has an average Subject Premium over the last three policy years of $500 or more, unless the risk is eligible for experience rating on either an intrastate or interstate basis.

3. Application
The Merit Rating Program Adjustment, expressed as a debit or credit factor, is applied to the Subject Premium. The resultant premium, if a debit or credit, is added to or subtracted from the Subject Premium. This becomes the Standard Premium. Merit Rating Program Adjustment factors will appear on all Merit Rating worksheets when applicable.

The Merit Rating Program does not apply to an interstate rated risk with Massachusetts exposure. If the risk is eligible for interstate experience rating, an interstate experience modification that includes Massachusetts experience will be issued.

4. Merit Rating Adjustment
The merit rating credits and debits, which are based on lost-time claims (i.e., claims reported with incurred indemnity) that occurred during the experience period, are as follows:

Number of Lost-Time Claims	Merit Rating Adjustment
0	5% credit
1	No credit or debit
2 or more	5% debit

Exception: All claims reported with Catastrophe Number 12 or 48 are excluded from merit rating.

ALL RISK ADJUSTMENT PROGRAM (ARAP) *Effective 01 Sep 2007*
The ***Experience Rating Plan Manual*** rules apply to All Risk Adjustment Program (ARAP), subject to the following:

1. Purpose
The object of the ARAP is to provide a revised pricing mechanism for experience rated risks to share the underwriting losses they generate.

2. Eligibility
A risk is eligible for the ARAP if it is eligible for intrastate or interstate experience rating, and the “R” value for the insured is greater than 1.0 as shown in 4-c.

3. Application
The ARAP surcharge factor, expressed as a debit factor, is calculated following calculation of the experience rating modification and appears on the experience rating worksheet when applicable. This surcharge factor is applied to Standard Premium after experience rating to surcharge risks with a greater record of losses than expected under the experience rating plan.

Experience rated risks with multistate operations are subject to the ARAP for that portion of the risk in Massachusetts. The ARAP surcharge is:

- Calculated using Massachusetts losses and expected losses, and
- Applied to the Massachusetts portion of the risks

4. Calculation
The ARAP surcharge factor for eligible risks is determined as follows:

a. After the calculation of the experience modification factor (M) for a particular risk, the weighted test ratio (R) is calculated.

b. To determine whether the "R" value for the insured is greater than 1.0, the following information is needed from the experience rating calculation using Massachusetts data only:

W	=	Weighting value, calculated on an intrastate basis
A	=	Actual losses, as limited on a per accident basis
Ap	=	Actual primary losses
E	=	Total expected losses
Ep	=	Expected primary losses
M	=	Normal experience rating modification, calculated on an intrastate basis

c. To determine the "R" value (weighted test ratio), the numbers derived from a. above are inserted into the formula:

$$R = \frac{((0.5 - 0.5W) \times Ap)}{(M \times Ep)} + \frac{((0.5 + 0.5W) \times A)}{(M \times E)}$$

d. To determine the surcharge factor (called S) for qualified risks, the following formula is used:

$$S = 1 + \left[\frac{(.08 \times E \times ((R - 1)^{1.25}))}{(E + 3)^{0.5}} \right]$$

In the calculation for S, E (Total expected losses) is divided by one thousand and may not exceed 40, while R may not exceed 2.0.

e. The surcharge factor is limited to a maximum of 1.25.

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
0005	0.92	.19	2115	1.89	.17	3041	0.90	.17	3634	0.63	.17	4439	1.79	.18
0008	0.74	.17	2121	0.42	.17	3042	0.91	.16	3635	0.58	.18	4452	1.10	.17
0016	1.32	.17	2130	0.54	.17	3066	0.83	.17	3638	0.58	.17	4459	0.86	.17
0034	0.95	.17	2131	1.24	.18	3076	1.04	.17	3642	0.47	.17	4470	0.65	.17
0035	0.60	.17	2143	0.81	.16	3081D	1.30	.17	3643	0.72	.16	4484	0.83	.17
0036	0.95	.17	2150	1.37	.18	3082D	1.30	.17	3647	0.72	.17	4493	0.73	.17
0042	1.17	.18	2156	1.07	.17	3085D	1.26	.17	3648	0.36	.17	4511	0.09	.17
0046	0.95	.18	2157	1.57	.16	3110	2.01	.16	3681	0.21	.16	4512	0.03	.17
0050	1.72	.18	2172	0.65	.17	3111	0.82	.17	3685	0.20	.17	4557	0.74	.16
0059D	.	.	2211	1.93	.17	3113	0.60	.17	3724	1.37	.17	4558	0.78	.17
0065D	.	.	2220	1.22	.17	3114	0.82	.18	3726	1.18	.17	4583	1.10	.17
0066D	.	.	2260	1.66	.16	3118	0.54	.18	3807	0.87	.17	4611	0.25	.17
0067D	.	.	2288	1.38	.17	3119	0.33	.17	3808	1.00	.17	4635	1.50	.18
0079	0.84	.17	2305	0.79	.17	3120	0.45	.16	3821	1.51	.17	4653	0.84	.17
0083	1.18	.17	2362	0.85	.17	3122	0.74	.17	3826	1.31	.17	4665	3.92	.18
0106	2.72	.18	2380	0.66	.18	3127	0.68	.17	3830	0.54	.17	4692	0.18	.17
0113	0.95	.17	2402	0.71	.17	3131	0.50	.18	3841	0.70	.17	4693	0.26	.17
0170	0.95	.17	2413	0.86	.17	3132	0.72	.17	4000	1.96	.17	4720	0.76	.17
0771	.	.	2416	1.18	.17	3145	0.46	.17	4021	1.03	.17	4740	0.26	.17
0908	36.24	.17	2417	0.48	.16	3146	0.84	.17	4024	1.07	.17	4741	1.20	.16
0909	101.54	.18	2501	0.68	.17	3169	0.84	.17	4034	2.63	.17	4771	1.03	.16
0912	203.07	.18	2503	0.38	.18	3179	0.44	.17	4036	0.67	.17	4777	1.10	.17
0913	72.49	.17	2570	1.45	.16	3180	0.86	.17	4038	0.80	.17	4825	0.15	.17
0917	0.89	.17	2576	0.74	.17	3188	0.70	.17	4053	1.16	.15	4828	0.38	.17
0918	0.15	.16	2585	1.14	.17	3200	0.84	.17	4062	0.77	.17	4829	0.38	.17
1430	1.12	.17	2586	0.71	.17	3220	0.71	.17	4112	0.10	.17	4902	0.55	.17
1438	1.13	.17	2587	0.82	.16	3223	(a)	(a)	4113	1.16	.15	4923	0.26	.17
1463	3.45	.18	2623	1.26	.17	3255	0.66	.17	4114	1.22	.17	5020	1.76	.16
1624D	1.40	.17	2651	0.47	.17	3257	0.93	.18	4130	1.67	.17	5022	2.70	.17
1655	1.02	.16	2660	0.61	.17	3270	0.57	.18	4133	0.74	.17	5037	3.73	.16
1701	1.12	.16	2683	0.70	.17	3300	1.25	.18	4150	0.24	.17	5040	7.18	.16
1710D	1.42	.17	2688	0.70	.17	3305	(a)	(a)	4239	1.08	.17	5057	4.63	.18
1747	0.86	.16	2702	6.10	.18	3315	1.09	.17	4243	0.82	.17	5059	7.22	.18
1748	1.10	.17	2710	2.35	.18	3336	0.81	.17	4244	1.12	.18	5102	2.21	.17
1853	0.52	.18	2731	1.09	.17	3365	1.44	.18	4250	0.91	.17	5146	2.10	.17
1924	1.20	.17	2747	1.98	.17	3372	0.73	.17	4251	1.11	.16	5160	1.26	.16
1925	1.62	.20	2790	0.73	.17	3373	1.33	.17	4273	0.91	.17	5183	1.09	.17
2003	1.11	.17	2802	1.17	.17	3381	0.57	.17	4279	0.84	.17	5188	1.22	.16
2014	1.29	.17	2835	0.74	.17	3383	0.47	.17	4283	0.81	.16	5190	0.72	.17
2021	0.96	.17	2836	0.89	.16	3385	0.33	.18	4299	0.61	.17	5191	0.25	.17
2039	1.65	.17	2841	1.07	.18	3400	0.81	.17	4304	2.24	.18	5192	1.17	.17
2041	0.85	.16	2883	1.00	.17	3507	1.04	.17	4307	0.46	.17	5213	2.96	.17
2070	1.26	.16	2923	0.43	.17	3515	0.78	.17	4308	0.78	.14	5215	1.87	.16
2081	1.24	.18	2942	0.57	.17	3558	0.24	.18	4351	0.32	.17	5221	2.27	.17
2089	0.91	.17	3018	0.79	.17	3571	0.21	.17	4352	0.32	.17	5222	2.76	.16
2095	1.15	.17	3022	1.25	.18	3574	0.58	.17	4360	0.27	.17	5223	1.20	.17
2101	0.94	.17	3027	0.81	.17	3612	0.53	.17	4361	0.22	.17	5348	1.39	.16
2105	(a)	(a)	3028	1.20	.17	3620	0.97	.17	4362	0.16	.17	5402	2.14	.16
2111	0.78	.17	3030	1.76	.17	3629	0.58	.17	4410	0.85	.17	5403	2.33	.17
2114	0.94	.17	3040	1.99	.17	3632	0.54	.17	4432	0.37	.17	5437	1.22	.17

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

D Supplement Disease Loading.

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
5443	1.00	.17	7016M	1.12	.79	7704	1.41	.18	8719	0.69	.17	9179	15.98	.21
5445	1.91	.16	7024M	1.40	.79	7720	0.57	.17	8720	0.28	.17	9180	1.35	.20
5462	2.22	.17	7038M	2.12	.76	7855	1.52	.17	8721	0.06	.17	9182	0.90	.19
5472	2.48	.17	7046M	3.02	.58	8001	0.66	.18	8726F	1.55	.18	9186	1.34	.20
5473	3.89	.17	7047M	1.76	.69	8002	0.64	.19	8734M	0.21	.54	9220	1.19	.17
5474	1.55	.17	7050M	3.32	.67	8006	0.42	.17	8737M	0.17	.54	9402	1.42	.17
5478	1.45	.16	7090M	2.65	.76	8008	0.26	.17	8738M	0.26	.53	9403	4.18	.17
5479	1.80	.17	7098M	3.55	.58	8010	0.52	.17	8742	0.03	.18	9410	1.12	.17
5480	1.64	.17	7099M	4.45	.51	8013	0.10	.19	8745	1.68	.17	9501	0.68	.17
5506	1.58	.17	7133	(a)	(a)	8017	0.35	.17	8747	0.28	.16	9505	0.68	.17
5507	1.43	.17	7151M	3.96	.52	8018	1.38	.17	8748	0.17	.17	9519	0.91	.17
5508D	1.65	.18	7152M	6.22	.52	8021	1.17	.17	8800	0.41	.17	9521	1.25	.17
5509	1.91	.19	7153M	4.96	.52	8031	0.61	.18	8803	0.01	.17	9522	0.68	.16
5538	1.35	.17	7219	2.48	.17	8032	0.46	.17	8805M	0.09	.60	9533	6.40	.16
5545	15.06	.18	7230	3.32	.17	8033	0.59	.18	8810	0.02	.18	9534	1.84	.17
5547	3.17	.17	7231	3.98	.16	8034	1.21	.16	8814M	0.07	.60	9549	1.26	.16
5606	0.39	.17	7309F	4.07	.18	8039	0.70	.18	8815M	0.11	.59	9552	1.70	.17
5610	2.17	.16	7313F	5.61	.16	8044	0.94	.17	8820	0.02	.17	9586	0.12	.17
5645	2.23	.18	7317F	4.67	.17	8046	0.84	.18	8824	0.81	.17	9620	0.32	.18
5701	4.02	.17	7327F	6.89	.17	8048	0.88	.17	8826	0.63	.17			
5703	2.29	.17	7333M	4.51	.70	8058	0.85	.18	8829	0.94	.16			
5705	3.62	.17	7335M	5.30	.70	8103	0.91	.17	8831	0.31	.20			
6003	1.83	.16	7337M	6.65	.61	8105	4.12	.16	8832	0.10	.17			
6005	1.65	.18	7350F	5.71	.16	8106	1.36	.18	8833	0.40	.16			
6204	2.04	.16	7360	1.47	.17	8107	0.76	.17	8835	0.63	.16			
6217	1.44	.16	7370	1.57	.17	8111	0.93	.17	8837	(a)	(a)			
6229	1.44	.17	7380	2.54	.17	8203	1.70	.17	8868	0.31	.17			
6233	0.60	.16	7382	1.35	.17	8204	1.31	.17	8901	0.02	.18			
6251D	1.20	.16	7394M	5.80	.84	8215	1.07	.18	9014	0.79	.17			
6252D	1.43	.17	7395M	7.41	.84	8227	1.77	.18	9015	1.00	.17			
6306	2.70	.16	7398M	9.29	.74	8232	1.58	.17	9016	0.59	.19			
6319	0.84	.17	7403	1.19	.17	8233	2.05	.17	9019	1.08	.17			
6325	0.91	.17	7405	0.52	.16	8235	1.46	.17	9033	0.98	.17			
6400	1.42	.17	7420	4.32	.18	8263	1.49	.17	9040	1.05	.17			
6504	0.94	.17	7421	0.32	.15	8264	1.48	.17	9044	0.56	.18			
6702M	(a)	(a)	7422	0.32	.15	8265	2.02	.17	9052	0.60	.17			
6703M	(a)	(a)	7425	1.01	.17	8279	1.44	.19	9058	0.60	.17			
6704M	(a)	(a)	7431	0.32	.15	8291	1.44	.18	9060	0.35	.18			
6801F	1.91	.17	7445	.	.	8292	1.34	.18	9061	0.35	.17			
6811	1.72	.17	7453	.	.	8293	2.24	.18	9062	0.31	.17			
6824F	2.33	.19	7502	0.68	.16	8350	2.45	.17	9063	0.20	.18			
6826F	1.53	.17	7515	0.79	.19	8380	0.88	.17	9077F	2.60	.21			
6834	0.80	.18	7520	1.02	.17	8381	0.36	.17	9079	0.35	.17			
6836	1.01	.18	7538	1.10	.17	8385	1.27	.17	9089	0.23	.17			
6843F	4.42	.17	7539	0.45	.17	8392	0.58	.17	9093	0.34	.18			
6854	3.97	.17	7580	0.93	.17	8393	0.50	.16	9101	1.37	.17			
6872F	4.10	.19	7590	1.88	.18	8500	2.05	.17	9102	1.00	.18			
6874F	5.40	.17	7600	1.48	.16	8601	0.06	.17	9154	0.73	.18			
6882	3.69	.19	7601	1.28	.17	8709F	1.57	.18	9156	0.69	.18			
6884	4.86	.17	7610	0.16	.16	8710	0.71	.17	9178	3.93	.22			

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau

D Supplement Disease Loading.

F Expected Loss Rates and Discount Ratios for risks covered under the United States Longshore and Harbor Workers' Compensation Act.

M Expected Loss Rates and Discount Ratios for risks subject to Admiralty Law or Federal Employers Liability Act (FELA).

Effective July 1, 2022

TABLE OF WEIGHTING VALUES

Expected Losses	Weighting Values	Expected Losses	Weighting Values	Expected Losses	Weighting Values
0 - 2,931	0.04	829,408 - 894,882	0.24	3,418,995 - 3,696,438	0.44
2,932 - 11,851	0.05	894,883 - 963,836	0.25	3,696,439 - 4,005,844	0.45
11,852 - 20,962	0.06	963,837 - 1,036,559	0.26	4,005,845 - 4,353,074	0.46
20,963 - 86,018	0.07	1,036,560 - 1,113,376	0.27	4,353,075 - 4,745,517	0.47
86,019 - 125,216	0.08	1,113,377 - 1,194,645	0.28	4,745,518 - 5,192,622	0.48
125,217 - 162,596	0.09	1,194,646 - 1,280,770	0.29	5,192,623 - 5,706,665	0.49
162,597 - 200,061	0.10	1,280,771 - 1,372,202	0.30	5,706,666 - 6,303,899	0.50
200,062 - 238,261	0.11	1,372,203 - 1,469,451	0.31	6,303,900 - 7,006,299	0.51
238,262 - 277,532	0.12	1,469,452 - 1,573,094	0.32	7,006,300 - 7,844,326	0.52
277,533 - 318,093	0.13	1,573,095 - 1,683,786	0.33	7,844,327 - 8,861,466	0.53
318,094 - 360,117	0.14	1,683,787 - 1,802,272	0.34	8,861,467 - 10,122,016	0.54
360,118 - 403,757	0.15	1,802,273 - 1,929,410	0.35	10,122,017 - 11,725,231	0.55
403,758 - 449,157	0.16	1,929,411 - 2,066,185	0.36	11,725,232 - 13,832,817	0.56
449,158 - 496,463	0.17	2,066,186 - 2,213,738	0.37	13,832,818 - 16,727,225	0.57
496,464 - 545,823	0.18	2,213,739 - 2,373,398	0.38	16,727,226 - 20,950,201	0.58
545,824 - 597,396	0.19	2,373,399 - 2,546,720	0.39	20,950,202 - 27,688,977	0.59
597,397 - 651,350	0.20	2,546,721 - 2,735,538	0.40	27,688,978 - 40,145,480	0.60
651,351 - 707,868	0.21	2,735,539 - 2,942,030	0.41	40,145,481 - 70,958,899	0.61
707,869 - 767,148	0.22	2,942,031 - 3,168,801	0.42	70,958,900 - 274,327,342	0.62
767,149 - 829,407	0.23	3,168,802 - 3,418,994	0.43	274,327,343 - 999,999,999	0.63

(a) G 14
(b) State Per Claim Accident Limitation $350,000
(c) State Multiple Claim Accident Limitation $700,000
(d) U.S. Longshore and Harbor Workers' Act Per Claim Accident Limitation $130,000
(e) U.S. Longshore and Harbor Workers' Act Multiple Claim Accident Limitation $260,000
(f) Employers Liability Accident Limitation $55,000
(g) Primary/Excess Loss Split Point $7,500
(h) USL&HW Act—Expected Loss Factor—Non-F Classes ..... **1.112 †**
(Multiply a Non-F classification ELR by the USL&HW Act – Expected Loss Factor of 1.112)
(i) Cap on Modifications = 1 + (0.00005) [(Expected Losses) + (2) (Expected Losses) / (14)]

† The USL&H Act-Expected Loss Factor-Non-F Classes updated to reflect July 1, 2023 rate revision.

Effective July 1, 2022

TABLE OF BALLAST VALUES

Expected Losses	Ballast Values	Expected Losses	Ballast Values	Expected Losses	Ballast Values
0 - 68,696	35,000	1,726,975 - 1,776,919	210,000	3,475,984 - 3,525,970	385,000
68,697 - 104,903	40,000	1,776,920 - 1,826,867	215,000	3,525,971 - 3,575,956	390,000
104,904 - 146,890	45,000	1,826,868 - 1,876,818	220,000	3,575,957 - 3,625,943	395,000
146,891 - 191,997	50,000	1,876,819 - 1,926,771	225,000	3,625,944 - 3,675,930	400,000
191,998 - 238,797	55,000	1,926,772 - 1,976,726	230,000	3,675,931 - 3,725,918	405,000
238,798 - 286,573	60,000	1,976,727 - 2,026,684	235,000	3,725,919 - 3,775,906	410,000
286,574 - 334,949	65,000	2,026,685 - 2,076,643	240,000	3,775,907 - 3,825,894	415,000
334,950 - 383,716	70,000	2,076,644 - 2,126,605	245,000	3,825,895 - 3,875,882	420,000
383,717 - 432,750	75,000	2,126,606 - 2,176,568	250,000	3,875,883 - 3,925,871	425,000
432,751 - 481,974	80,000	2,176,569 - 2,226,533	255,000	3,925,872 - 3,975,860	430,000
481,975 - 531,338	85,000	2,226,534 - 2,276,500	260,000	3,975,861 - 4,025,849	435,000
531,339 - 580,807	90,000	2,276,501 - 2,326,468	265,000	4,025,850 - 4,075,839	440,000
580,808 - 630,358	95,000	2,326,469 - 2,376,437	270,000	4,075,840 - 4,125,829	445,000
630,359 - 679,972	100,000	2,376,438 - 2,426,407	275,000	4,125,830 - 4,175,819	450,000
679,973 - 729,638	105,000	2,426,408 - 2,476,379	280,000	4,175,820 - 4,225,809	455,000
729,639 - 779,346	110,000	2,476,380 - 2,526,352	285,000	4,225,810 - 4,275,800	460,000
779,347 - 829,088	115,000	2,526,353 - 2,576,326	290,000	4,275,801 - 4,325,791	465,000
829,089 - 878,859	120,000	2,576,327 - 2,626,301	295,000	4,325,792 - 4,375,782	470,000
878,860 - 928,654	125,000	2,626,302 - 2,676,276	300,000	4,375,783 - 4,425,773	475,000
928,655 - 978,470	130,000	2,676,277 - 2,726,253	305,000	4,425,774 - 4,475,764	480,000
978,471 - 1,028,304	135,000	2,726,254 - 2,776,231	310,000	4,475,765 - 4,525,756	485,000
1,028,305 - 1,078,152	140,000	2,776,232 - 2,826,209	315,000	4,525,757 - 4,575,748	490,000
1,078,153 - 1,128,014	145,000	2,826,210 - 2,876,188	320,000	4,575,749 - 4,625,739	495,000
1,128,015 - 1,177,887	150,000	2,876,189 - 2,926,168	325,000	4,625,740 - 4,675,732	500,000
1,177,888 - 1,227,771	155,000	2,926,169 - 2,976,148	330,000	4,675,733 - 4,725,724	505,000
1,227,772 - 1,277,664	160,000	2,976,149 - 3,026,129	335,000	4,725,725 - 4,775,716	510,000
1,277,665 - 1,327,564	165,000	3,026,130 - 3,076,111	340,000	4,775,717 - 4,825,709	515,000
1,327,565 - 1,377,472	170,000	3,076,112 - 3,126,093	345,000	4,825,710 - 4,875,702	520,000
1,377,473 - 1,427,386	175,000	3,126,094 - 3,176,076	350,000	4,875,703 - 4,925,694	525,000
1,427,387 - 1,477,306	180,000	3,176,077 - 3,226,059	355,000	4,925,695 - 4,975,687	530,000
1,477,307 - 1,527,231	185,000	3,226,060 - 3,276,043	360,000		
1,527,232 - 1,577,161	190,000	3,276,044 - 3,326,028	365,000		
1,577,162 - 1,627,095	195,000	3,326,029 - 3,376,013	370,000		
1,627,096 - 1,677,033	200,000	3,376,014 - 3,425,998	375,000		
1,677,034 - 1,726,974	205,000	3,425,999 - 3,475,983	380,000		

For Expected Losses (E) greater than $4,975,687, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$B = (0.1E + 2{,}500GE/(E + 700G))$$

G = 14

Exhibit 3

MASSACHUSETTS EXPERIENCE RATING PLAN MANUAL

FOR WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

2026 EDITION
Effective July 1, 2026

WCRIBMA

THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU OF MASSACHUSETTS

Created and maintained by
The Workers' Compensation Rating & Inspection Bureau of Massachusetts
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Contents

Rule 1—General Explanations

A. Experience Rating

Experience rating recognizes the differences among individual insureds with respect to safety and loss prevention. It does this by comparing the experience of individual insureds with the average insured in the same classification. The differences are reflected by an experience rating modification, based on individual payroll and loss records, which may result in an increase, decrease, or no change in premium.

~~*Refer to the User's Guide for Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance for more information.*~~

B. Mandatory Plan

1. The *Massachusetts 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 rating effective date, which occurs on or after the effective date of the change. Refer to Rule 2-B for more information about rating effective dates.

4. The Workers Compensation and Employers Liability Insurance Policy provides the Workers' Compensation Rating & Inspection Bureau of Massachusetts (WCRIBMA) ~~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 attachment of endorsements. ~~found in NCCI's 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 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.

C. Definitions

1. Experience

The experience used to calculate a risk's ~~modification~~ experience or merit rating is comprised of the payroll and losses that are reported according to the *Massachusetts Workers' Compensation Statistical Plan* (*Statistical Plan)*. For purposes of this Plan, payroll and losses may also be referred to as data. The experience used in a ~~modification~~ rating is determined by Rule 2-E.

2. Payroll

The audited payroll or other exposures for each classification in the experience period are those reported according to the *Statistical Plan*.

3. Losses

Incurred losses for each classification in the experience period are those reported according to the *Statistical Plan*.

a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019 through December 31, 2023. This rule applies to experience ratings ~~modifications~~ with rating effective dates of August 16, 2020~~,~~ and later.

Exception: Claims that are reported as non-compensable are excluded from experience rating calculations. For instructions on non-compensable claims, refer to ~~Massachusetts~~ Rule 4-B-2-f.

~~**Exception:** Losses reported with Catastrophe Number 48 are excluded from experience rating calculations. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2006.~~

~~**Exception:** Losses reported with Catastrophe Number 87 are excluded from experience rating calculations. Catastrophe Number 87 claims include all workers compensation occupational disease claims resulting from the rescue, recovery, and cleanup work at the World Trade Center occurring between the dates of September 11, 2001 and September 12, 2002. The employee's injury must have occurred within the jurisdiction of New York and the claimant must be filing for benefits under New York law. This rule applies to experience rating modifications with anniversary rating dates of June 1, 2002 through May 31, 2007.~~

b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, refer to Rule 2-C-13.

4. Entity

An entity is an individual, partnership, corporation, unincorporated association, fiduciary, or other legal entity.

5. Experience Rating

Experience rating, as used in this Plan, is a term that encompasses experience modifications, ARAP factors, and, when specifically stated, merit ratings.

~~5.~~6. Risk

A risk is all entities eligible for combination under this Plan, regardless of whether insurance is provided by one or more policies or insurance carriers. A risk may be:

a. A single entity, or

b. Two or more entities that qualify for combination according to Rule 3-D.

7. Split Point

The Primary/Excess Loss Split Point, or "Split Point", is the dollar amount of a loss that differentiates between Actual Primary Losses and Actual Excess Losses in the experience modification calculation. The amount of the loss equal to or under the Split Point is considered Primary, while the amount of the loss over the Split Point is considered Excess. The Split Point value can be found in the Table of Weighting Values, Appendix B, of this Plan.

~~6.~~8. Statistical Plan

~~The *Statistical Plan* references mean all unit statistical plans approved for use in states where this *Experience Rating Plan* applies or in states where independent rating organizations permit combination for interstate rating with states listed in Preface Section A.~~

The *Massachusetts Workers' Compensation Statistical Plan* ~~Statistical plans~~ details data reporting requirements for individual risk experience. Typically, ~~Only~~ 1st, 2nd, and 3rd reports, as well as corrections to such reports, are used in the experience rating calculation. In certain circumstances, fourth and fifth reports and corrections to those reports may be used in experience rating calculations. Refer to Rule 4-B-2-e.

Based on a risk's experience period, an individual unit report may be used in more than one experience rating.

~~In Massachusetts, the *Massachusetts Workers' Compensation Statistical Plan* is used.~~

~~7.~~9. Subject Premium

Subject premium is reported according to the approved Massachusetts Premium Algorithms~~*Statistical Plan*~~, found in the *Workers' Compensation and Employers Liability Insurance Manual ("MA Manual")*. For experience rating purposes, subject premium developed for an individual risk during:

a. Its experience period is used to determine a risk's eligibility according to Rule 2-A.

b. The policy period to which the experience rating ~~modification~~ applies, is multiplied by the experience rating modification or merit rating factor.

~~8.~~10. Unity (1.00) Factor

A unity (1.00) factor may apply to a risk for reasons including, but not limited to:

- a. It does not qualify for experience rating. Refer to Rule 2-A for premium eligibility requirements.
- b. It does not meet the minimum data requirements. Refer to Rule 4-C-3 for an explanation.
- c. It is a new business with no data available for production of an experience rating or merit rating ~~modification~~.

d. It qualifies for experience rating, with the calculation resulting in a 1.00 experience modification or merit rating.

e. Data could not be provided as a result of an ownership change. Refer to Rule 3-E for an explanation.

~~Add the following to Rule 1-C:~~

~~9. **Massachusetts Workers Compensation and Employers Liability Insurance Manual**~~

~~The Workers' Compensation and Employers Liability Insurance Manual ("MA Manual") is the Massachusetts equivalent to NCCI's Basic Manual. Massachusetts users should substitute "MA Manual" for "Basic Manual" throughout this Plan.~~

D. Administration

1. The WCRIBMA ~~rating organization~~ determines the applicability of all Plan rules in Massachusetts.
2. ~~The e~~Experience and merit ratings ~~modification is~~ are calculated, issued and, if necessary, revised by the ~~appropriate~~ WCRIBMA if intrastate rated, or by NCCI if interstate rated. ~~rating organization listed in the Preface.~~
3. Unless otherwise provided by this Plan, experience and merit rating ~~modification~~ issuance and revision is limited to the current and two preceding ~~experience~~ ratings ~~modifications~~.
4. The designated carrier is issued the experience rating worksheet when the rating is calculated. The WCRIBMA will provide a copy of the rating to the insured upon request. Other parties, such as agents, risk managers, or carriers (other than the insuring carrier) can obtain a copy of the worksheet with the permission of the insured at a cost. The permission of the insured is presented through a "Letter of Authority," which must be on the insured's stationery and must be signed by the insured. An e-mail or a fax from the insured is considered the insured's stationery.
5. The calculated experience or merit ratings ~~modification~~ factor ~~is~~ are applied by the carrier(s) in accordance with this Plan, other applicable rules, statutes, and regulations.
6. ~~Appeals involving the application of the rules of this manual may be resolved through the applicable administrative appeals process. *Refer to the User's Guide for more information.*~~An employer whose intrastate experience modification was issued by the WCRIBMA who believes that the rules of the Experience Rating Plan Manual have not been properly applied, should first try to resolve their dispute with their carrier.

   If these efforts are unsuccessful, the employer should send a written request to the WCRIBMA's Data Operations Department (101 Arch Street, 13th Floor, Boston, MA 02110) giving the details of all issues in dispute and requesting the assistance of the WCRIBMA in resolving the dispute. Data Operations will research the dispute, make any necessary corrections, and provide a written explanation regarding the correct application of the rule(s) in dispute.

   If the employer is not satisfied with the results of the WCRIBMA's attempts to resolve the dispute, the employer may request an appeal. This is done by sending a written request, including a complete description of the dispute and copies of all correspondence with the carrier and the WCRIBMA, to the Vice President of Customer Services of the WCRIBMA (see address above). The employer will be contacted regarding the scheduling of the Appeals Committee Meeting.

   The Appeals Committee consists of insurance company representatives, insurance agency representatives and employer representatives. The appeal itself is an informal process in which

the appellant can discuss with the Appeals Committee the reasons why they feel they have been aggrieved by the WCRIBMA's application of the rating system. Following discussion, the Committee renders a decision which is communicated to the appellant in writing.

If the appellant is not satisfied with the action taken by this Committee, they have thirty (30) days after receipt of written notice, during which they may appeal to the Commissioner of Insurance.

An employer whose interstate experience modification was issued by National Council on Compensation Insurance, Inc. ("NCCI") who believes that the rules of the Experience Rating Plan Manual have not been properly applied should follow NCCI's dispute resolution procedures. If NCCI determines that Massachusetts is the governing state on an interstate rated risk, then NCCI will refer the appellant to the WCRIBMA for the appeal. In this case, the WCRIBMA will review NCCI's ruling to make sure it agrees with all MA rules and laws. Any appeal heard in Massachusetts will be based on the WCRIBMA's ruling and will follow the process stated below for experience ratings issued by the WCRIBMA.

Rule 2—Experience Rating Elements and Formula

A. Premium Eligibility

1. Premium

a. Subject Premium

A risk's eligibility for this Plan is based on the amount of subject premium as defined in Rule 1-C-~~7~~9. Refer to Rule 2-A-2 ~~and the State Table of Subject Premium Eligibility Amounts~~ to determine premium eligibility for a specific risk.

b. Not Subject to Experience Rating

According to the approved Massachusetts Premium Algorithms~~*Statistical Plan*~~, some premium elements are not subject to experience rating. Premium may be charged for these elements under the standard policy. This premium is not:

- Subject to increase or decrease by an experience or merit rating ~~modification~~ factor,
- Used to determine premium eligibility for experience rating as detailed in Rule 2-A-2, or
- Used in the calculation of an experience rating ~~modification~~, unless otherwise stated in this Plan or the ~~*Basic*~~ *MA Manual*.

2. ~~State~~ Subject Premium Eligibility Amounts

A risk qualifies for an experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount , as described in this section. Refer to Rule 2-E-1 to determine a risk's experience period.

a. A risk qualifies for an experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least $11,000.~~the amount shown in Column A.~~

b. A risk may not qualify according to Rule 2-A-2-a. If it has more than 24 months of experience ~~the amount of experience referenced in Rule 2-A-2-a~~, then to qualify for an experience rating the risk must develop an average annual subject premium of at least $5,500.~~the amount shown in Column B.~~ Refer to Rule 2-A-3 to determine average annual subject premium.

~~State Table of Subject Premium Eligibility Amounts~~

~~Column A~~	~~Column B~~
~~11,000~~	~~5,500~~

3. Average Annual Subject Premium

Determine a risk's average subject premium on an annual basis for experience rating eligibility purposes as follows:

$$\frac{\text{Total Subject Premium}}{\text{Total Months of Experience in Experience Period}} \times 12 = \text{Average Annual Subject Premium}$$

~~*(excluding gaps in coverage)*~~

When the average annual subject premium is determined, refer to ~~Column B in~~ Rule 2-A-2 for premium eligibility requirements. The reference to total months of experience in this calculation includes partial months but excludes gaps in coverage.

~~***Refer to the User's Guide for examples.***~~

4. Intrastate Experience Rating

A risk qualifies for ~~Massachusetts~~ experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements ~~for the state in which it operates. Refer to the~~ as described in Rule 2-A-2.~~the State Table of Subject Premium Eligibility Amounts for the minimum subject premium requirements~~. Qualifying subject premium is based on payroll or other exposures reported in accordance with the ~~Statistical Plan~~ approved Massachusetts Premium Algorithms.

~~*Refer to the User's Guide for examples.*~~

5. Interstate Experience Rating

a. A risk qualifies for experience rating on an interstate (multi-state) basis, to be calculated by NCCI, when it:

   1) Meets the premium requirement for intrastate rating in any one state, and

   2) Develops experience during the experience period in one or more additional states where NCCI's ~~this~~ Plan applies or where the independent rating organization Plan permits combination for interstate rating.

b. The experience developed in each additional state does not have to meet the premium requirement for intrastate rating.

c. The interstate modification applies to all of the risk's operations even if coverage is written under separate policies.

d. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state(s) operations as of the date of expansion. Experience for such operations will be included in the calculation of future modifications.

e. If a risk is intrastate rated in an independent bureau state that participates in the interstate experience rating plan, Rules 2-A-5-a through d apply~~ies~~.

~~*Refer to the User's Guide for examples.*~~

B. Rating Effective Date (RED)

1. The RED appears on a risk's experience or merit rating worksheet. It is the earliest date that a specific modification is applied to a policy. To determine experience rating ~~modification~~ application, refer to Rule 4-D.

   The WCRIBMA ~~rating organization~~ establishes the RED.

2. ~~Note:~~ Wrap-up policies are not used to determine the RED. Refer to Rule 5-~~D~~C-1 for information on wrap-up policies.

3. The RED may differ from a risk's policy effective date for reasons including, but not limited to:
   - Short-term policies
   - Cancellations

- Gaps in coverage
- Changes in ownership or combinability status
- Multiple policy effective dates
- Interstate operations
- A policy that is longer than one year and 16 days
- Late receipt of current policy information by the WCRIBMA~~rating organization~~

To determine a risk's RED, the WCRIBMA ~~rating organization~~ will apply the Rating Effective Date Determination Table in conjunction with a review of the most recent full-term policies and unit statistical data. For purposes of this rule, a full-term policy is written for 12 months and is not cancelled prior to its expiration date.

4. Rating Effective Date Determination Table

If the risk is . . .	**Then the rating effective date is . . .**
• A **single** policy intrastate or interstate risk, or • A **multiple** policy intrastate or interstate risk with all policies having the **same** effective date	The effective month and day of the most recent full-term policy in effect and each policy thereafter unless the date is changed due to a reason listed above.
A **multiple** policy **intrastate** risk with policies having **different** effective dates	The effective month and day of the most recent full-term policy in effect with the largest amount of estimated standard premium.
~~A **multiple** policy **interstate** risk with policies having **different** effective dates~~	~~The effective month and day of the most recent full-term policy in effect for the state with the largest amount of estimated standard premium.~~

~~*Refer to the User's Guide for examples.*~~

C. Elements of Experience Rating Formula

1. Expected Loss Rate (ELR)

The Expected Loss Rate (ELR) is a factor applied to each $100 of payroll for a classification. It determines the amount of expected losses for a classification. ~~in a particular a particular state.~~

ELRs are listed in the Tables of Expected Loss Rates and Discount Ratios in ~~the state pages~~ Appendix A of this Plan.

2. Expected Losses

The expected losses for each classification are determined by multiplying the payroll divided by $100 times the ELR. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected losses represent the benchmark level of losses expected for all

employers in Massachusetts ~~a state~~ within a particular classification. It is against this benchmark that individual employers are compared, based on their actual losses.

~~9.~~3. Discount Ratio (D-Ratio)

The Discount Ratio (D-Ratio) is a factor applied to the expected losses for each classification. It determines the portion of a risk's expected losses that are expected to be primary losses.

Discount Ratios are listed in the Tables of Expected Loss Rates and Discount Ratios in ~~the state pages~~ Appendix A of this Plan.

~~10.~~4. Expected Primary Losses

Expected Primary Losses for each classification are determined by multiplying the Discount Ratio times the expected losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected primary losses represent the benchmark level of primary losses for all employers in Massachusetts ~~a state~~ within a particular classification. It is against this benchmark that individual employers are compared, based on their actual primary losses.

~~11.~~5. Actual Incurred Losses

For purposes of experience rating, Actual Incurred Losses are those reported according to the *Statistical Plan*.

~~12.~~6. Actual Primary Losses

Actual Primary Losses are the portion of the Actual Incurred Losses that are used at full value in the experience rating calculation. For each actual incurred loss, the amount up to ~~$7,500~~the Split Point is considered primary.

Refer to Table of Weighting Values, Appendix B, of this Plan for the Split Point.

~~13.~~7. Expected Excess Losses

Expected Excess Losses are determined by subtracting the total expected primary losses from the total expected losses. Within the experience rating ~~modification~~ calculation, the expected excess losses represent the benchmark level of losses in total, for the portion of all claims in excess of the ~~applicable state primary/excess split point value~~ Split Point. It is against this benchmark that individual employers are compared, based on their actual excess losses.

Refer to ~~the Experience Rating Values~~ Table of Weighting Values, Appendix B, ~~state pages~~ of this Plan for the ~~applicable state primary/excess split point value~~ Split Point.

~~14.~~8. Actual Excess Losses

Actual Excess Losses are determined by subtracting the Actual Primary Losses from the Actual Incurred Losses. Within the experience rating calculation, the excess portion of a loss reflects its severity and is given partial weight based on the size of the risk. As risk size increases, so does the amount of the actual excess losses used in the calculation.

~~15.~~9. Weighting Value

The Weighting Value is a factor that is applied to a risk's actual excess losses and the expected excess losses. The result is rounded to the nearest whole number. The weighting value determines how much of the actual excess losses and expected excess losses are used in an experience rating. The weighting value increases as expected losses increase.

The Table~~s~~ of Weighting Values ~~are~~ is contained in ~~the state pages~~ Appendix B of this Plan. ~~Each state's~~ The weighting value is based on the total expected losses of the risk.

~~An interstate risk's weighting value is an average, determined as follows:~~
~~a. Multiply each state's weighting value by the state's expected losses.~~
~~b. Total the results from all states in a.~~
~~c. Divide the total in b. by the risk's total expected losses.~~
~~Round the result of c. to two decimal places.~~

~~16.~~10. Ballast Value

The Ballast Value is a stabilizing element designed to limit the effect of any single loss on the experience rating ~~modification~~. It is added to both the actual primary losses and expected primary losses. The ballast value increases as expected losses increase.

The~~se~~ Table of Ballast ~~v~~Values ~~are~~ is contained ~~may be obtained from the~~ in ~~Tables of Ballast Values in~~ Appendix C of this Plan. ~~Each state's~~ The ballast value is based on the total expected losses of the risk.

~~An interstate risk's ballast value is an average, determined as follows:~~
~~a. Multiply each state's ballast value by the state's expected losses.~~
~~b. Add the product for all states in a.~~
~~c. Divide the total in b. by the risk's total expected losses.~~
~~Round the result of c. to the nearest whole number.~~

~~17.~~11. Stabilizing Value

The Stabilizing Value is determined as follows:

Expected Excess Losses x (1 – Weighting Value) + Ballast Value

The result is rounded to the nearest whole number. The stabilizing value is included in both the actual and expected portions of the experience rating calculation formula. It limits the potential for significant variances in the experience rating modification factor from one year to the next. Its most significant impact is on smaller risks, which have a greater likelihood for severe swings in experience rating modification factors.

~~18.~~12. Ratable Excess

a. Expected Ratable Excess Losses

Expected Ratable Excess Losses are determined by multiplying the weighting value times the expected excess losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected ratable excess losses represent, in total, the benchmark level of excess losses for all similarly classified employers. It is against this benchmark that individual employers are compared, based on their actual ratable excess losses.

b. Actual Ratable Excess Losses

Actual Ratable Excess Losses are determined by multiplying the weighting value times the actual excess losses. The result is rounded to the nearest whole number. For each actual incurred loss exceeding the ~~applicable state primary/excess split point value~~ Split Point, only ~~a~~the portion of the loss amount above the ~~applicable state primary/excess split point value~~ Split Point is used. Within the experience rating calculation, the actual ratable excess losses represent, in total, the amount of actual excess losses to be used.

Refer to ~~the Experience Rating Values~~ Table of Weighting Values, Appendix B, ~~state pages~~ of this Plan for the ~~applicable state primary/excess split point value~~ Split Point.

~~3.~~13. Limitation of Losses Employed in a Rating

Losses are limited to the per claim or multiple claim limitations found in ~~each state's~~ the Table of Weighting Values, Appendix B of this Plan.

a. Single and Multiple Claim Limitation

i. Basic Loss Limitation Table

If . . .	Then . . .
An accident involves only one person	• The loss is subject to the per claim accident limitation • The actual primary loss is subject to the maximum primary value of the Split Point ~~$7,500~~, even if the loss does not exceed the per claim accident limitation
An employers' liability-only loss exists	• The loss is subject to the employers' liability per claim accident limitation • The actual primary loss is subject to the maximum primary value of the Split Point ~~$7,500~~, even if the loss does not exceed the employers' liability per claim accident limitation

ii. Loss Limitation~~s~~ Table for Accidents Involving Two or More Persons Table 1

If an accident involves two or more persons, and . . .	Then . . .
The total of the losses exceeds the multiple claim accident limitation	• The total losses are subject to the multiple claim accident limitation • The actual primary loss for these accidents is limited to two times the Split Point ~~applicable state primary/excess split point value~~, even if the losses do not exceed the multiple claim accident limitation
The total of the losses **does not** exceed the multiple claim accident limitation, and none of the individual losses within the total exceeds the ~~state~~ per claim accident limitation	• The individual losses are used at full value • The total actual primary losses for the accident are limited to two times the Split Point ~~applicable state primary/excess split point value~~

iii Loss Limitation~~s~~ Table for Accidents Involving Two or More Persons Table 2

If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the ~~state~~ per claim accident limitation, and . . .	Then the individual loss is limited to the ~~state~~ per claim accident limitation and . . .
The total of the remaining losses exceeds the Split Point ~~applicable state primary/excess split point value~~	• The remainder of the losses are used at full value • The total actual primary losses for the accident are limited to two times the Split Point

	~~applicable state primary/excess split point value~~
The total of the remaining losses **does not** exceed the Split Point ~~applicable state primary/excess split point value~~	• The remainder of the losses are used at full value • The actual primary loss is limited to the Split Point ~~applicable state primary/excess split point value~~ for the individually limited loss • No actual primary loss limitation applies for the remainder of the losses

~~*Refer to the User's Guide for examples.*~~

b. Disease Loss Limitation

Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under Rule 2-C-13-a.

(1) To apply the disease loss policy limitation:

(a) Determine if a risk's individual policy total limited and nonlimited actual incurred disease losses exceed the policy disease limit of triple the per claim accident limitation shown in the Table~~s~~ of Weighting Values, plus 120% of the risk's total expected losses for the experience period. If the risk-specific threshold is exceeded, the disease losses are limited to such threshold, and

(b) The actual primary losses are limited to two times the Split Point ~~applicable state primary/excess split point value~~, plus 40% of the risk's total expected primary losses for the experience period.

(c) Round the result of (b) to the nearest whole number.

(2) A policy's total disease losses may not meet the risk-specific policy limitation amount as determined in (1)(a) above, but exceed the limitation shown in (1)(b). In such circumstances, Rule 2-C-13-a applies.

~~*Refer to the User's Guide for examples.*~~

(3) For risks that do not have an experience period of 36 months, determine policy disease losses as follows:

To determine the…	Combine the disease losses of all policies within the experience period having an effective date…
Most recent policy year	Within 24 months prior to the rating effective date
Middle policy year	More than 24 months but not exceeding 36 months prior to the rating effective date
Oldest policy year	More than 36 months prior to the rating effective date

D. Experience Rating Modification Formula

1. Experience Rating Modification Formula

The experience rating modification formula:

- Is used to determine the experience rating modification for all risks eligible for experience rating.
- Includes the data ~~of all states~~ in a risk's experience period to produce an experience rating modification.

Primary Losses		Stabilizing Value				Ratable Excess		Totals
Actual Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Actual Excess Losses	=	Total A
Expected Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Expected Excess Losses	=	Total B

For the experience rating modification, divide Total A by Total B, then round to two decimal places.

~~*Refer to the User's Guide for an example.*~~

2. Maximum Debit Modification

Experience rating modification factors determined by the formula in Rule 2-D-1 are subject to a cap if the debit modification exceeds a specific amount. The risk-specific maximum debit modification is determined as follows:

Maximum Debit Modification = 1 + (0.00005) [(Expected Losses) + (2) (Expected Losses) / G]

~~The maximum debit modification for an interstate risk is limited to the cap for the state with the largest amount of expected losses.~~

~~"E" is the risk's total expected losses.~~

"G" is a value equal to ~~a state's~~ the MA average cost per claim for losses used in experience rating, divided by 1000.

"G" is located in the Table of Weighting Values, Appendix B ~~Experience Rating Values state pages~~ of this Plan.

~~*Refer to the User's Guide for an example.*~~

3. U.S. ~~United States~~ Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage

Experience ratings containing classifications where the rates include coverage under the USL&HW Act are calculated using the formula described in Rule 2-D-1.

Classifications subject to the USL&HW Act~~,~~ but not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios, have their expected losses determined by applying the USL&HW Act Expected Loss Factor to the expected loss rate (ELR) for such classifications.

The USL&HW Act Expected Loss Factor can be found in the Table of Weighting Values, Appendix B of this Plan.

E. Experience to Be Used in a Rating

1. Experience Period

Experience ratings use~~s~~ past payroll and losses to predict future losses. The experience period represents the total amount of this data used in an experience rating. The calculation of a risk's experience rating ~~modification~~ must include all eligible experience developed during the experience period.

a. A risk's ~~rating effective date~~ RED determines its experience period. Experience for each of a risk's policies is included if the policy effective date is:

(1) Not less than 21 months before the ~~rating effective date~~ RED, and

(2) Not more than 57 months before the ~~rating effective date~~RED

b. A risk's experience period cannot contain more than 45 months of data. The 45-month limitation is a maximum period of time between the expiration date of the most recent policy and the effective date of the oldest policy. While the experience period may not exceed 45 months, an experience rating modification may be produced with less than 12 months of data. The amount of data included in a risk's experience period may be impacted for reasons including, but not limited to:

- Short-term policies
- Cancellations
- Gaps in coverage
- Changes in ownership or combinability status
- Rating effective date changes
- Multiple policy effective dates
- Policies longer than one year and 16 days
- Wrap-up policies
- Interstate operations

c. If both the most recent and oldest policies fit within this experience period, and the inclusion of both policies would exceed 45 months, the oldest policy is not used.

d. Based on a risk's rating effective date:

(1) A risk's most current data, evaluated at the proper reporting level and excluding fourth ~~4th~~ to tenth ~~and 5th~~ reports, is used to calculate experience ratings ~~modifications~~. Refer to the *Statistical Plan* for valuation date information.

Note that in certain circumstances, fourth and fifth reports and corrections to those reports may be used in experience rating calculations. Refer to Rule 4-B-2-e.

(2) An individual policy's ~~1st, 2nd, and 3rd report~~ data may be used in more than three experience rating modifications. However, the policy must be eligible for inclusion according to Rule 2-E-1-a, b, and c.

e. Examples of Experience Period Determinations

Rating Effective Date = 1/1/2026
Experience Period = 4/1/2021 – 4/1/2024, divided as follows:

4/1/2021 – 3/31/2022	4/1/2022 – 3/31/2023	4/1/2023 – 4/1/2024
Policies with Eff Dts on or between these dates are valued at 3rd report	Policies with Eff Dts on or between these dates are valued at 2nd report	Policies with Eff Dts on or between these dates are valued at 1st report

Policies to be Included = 1/1/2024-2025 – valued at 1st report
1/1/2023-2024 – valued at 2nd report
1/1/2022-2023 – valued at 3rd report
5/1/2021-1/1/2022 – valued at 3rd report

~~For effective date ranges, refer to the Experience Period Reference Table located in the User's Guide.~~

~~*Refer to the User's Guide for examples.*~~

2. Self-Insurance Groups (SIGs) and Non-WCRIBMA-Member Carriers ~~Non-Affiliate Self-Insurer and Non-Affiliate Carrier Data~~

~~In Massachusetts, the terms "non-affiliate self-insurers" and "non-affiliate carriers" are not used. For the purpose of Massachusetts' users, this section applies to self-insurance groups (SIGS) and non-member carriers.~~

Self-Insurance Groups may contract with the WCRIBMA for purposes of calculating experience ratings and consequently must adhere to the rules for reporting unit statistical data.

a. Experience of risks insured by non-member carriers and SIGs may be included in experience ratings.
b. All non-WCRIBMA-member carriers and SIGs must get approval from the ~~MA Bureau~~ WCRIBMA before submitting statistical data.
c. The data must be submitted to the ~~MA Bureau~~ WCRIBMA according to the rules of the ~~Massachusetts~~ *Statistical Plan*.
d. Non-WCRIBMA-member carrier and SIG data correctly submitted to the ~~MA Bureau~~ WCRIBMA will be used to determine experience modification and merit rating eligibility and will be used in the calculation of ~~Massachusetts~~ experience modifications, ARAPs, and merit ratings distributed to members, non-members, and SIGs.
e. Massachusetts SIG data will not be used in interstate experience ratings issued by NCCI.

3. Discontinued Operations

An entity may elect to discontinue all or part of its operations.

If an entity discontinues…	Then the future experience ratings will include …
All of its operations and re-establishes them at a later date	The applicable data developed prior to discontinuation.
Part of its operations	The applicable data developed both: ~~-~~i. Prior to discontinuation, and ~~-~~ii. For the remaining operations

4. **Self-Insurer's Data**

The data of an employer who is a licensed self-insurer under Massachusetts General Law, c. 152, § 25A(2), is not used in an experience rating modification except when recommended by the ~~Bureau~~ WCRIBMA Manager and approved by the Commissioner of Insurance.

Rule 3—Ownership Changes and Combination of Entities

A. Reporting Requirement

The Notification of Change in Ownership Endorsement (WC 00 04 14) provides that changes in ownership and/or combinability status must be reported by the employer to its carrier(s) within 90 days of the date of the change. This may be accomplished by submitting:

- A completed Confidential Request for Information Form. ~~(see t~~The MA ERM~~-14~~ Form can be found in Appendix D of this Plan, or it can be completed online and submitted to WCRIBMA at www.wcribma.org in the Manage Ownership app.~~)~~, or
- The information in narrative form on the letterhead of the insured, signed by an officer of the insured entity.

Failure to report changes in ownership according to Endorsement WC 00 04 14 may be considered modification evasion. Refer to Rule 3-F.

B. Research and Decision

The employer, carrier(s), or agent(s) of the employer may submit the ownership and/or combinability status information to the WCRIBMA~~rating organization~~. The WCRIBMA~~rating organization~~ reviews the information submitted and any publicly available information regarding each change and determines the impact, if any, on the experience ratings ~~modification(s)~~ of the entities involved.

The complexity of certain transactions may require the WCRIBMA ~~rating organization~~ to request additional information. The WCRIBMA~~rating organization~~ may also research public and/or other available records to verify provided information. This information is used to assist in clarifying complex situations or possible modification evasion. Refer to Rule 3-F.

Note: The WCRIBMA~~rating organization only~~ issues rulings for those risks that qualify for experience rating. However, the submitted information will be retained for future reference should a risk qualify for experience rating at a later date.

C. Ownership Changes

Changes in ownership interest may affect the use of an entity's experience in future experience ratings. Based on the rules of this Plan, when a change occurs, the WCRIBMA ~~rating organization~~ will determine whether to exclude or retain an entity's experience. Refer to Rule 3-A for reporting requirements.

In addition, if the WCRIBMA ~~rating organization~~ determines that the ownership transaction improperly affected the experience rating ~~modification~~, it will take necessary action ~~according to Rule 3-F~~ to ensure proper calculation and application of all current and preceding experience ratings.

1. Types of Ownership Changes

a. For purposes of this Plan, a change in ownership includes any of the following:

(1) Sale, transfer, or conveyance of all or a portion of an entity's ownership interest
(2) Sale, transfer, or conveyance of an entity's physical assets to another entity that takes over its operations
(3) Merger or consolidation of two or more entities
(4) Formation of a new entity that acts as, or in effect is, a successor to another entity that:
(a) Has dissolved
(b) Is non-operative
(c) May continue to operate in a limited capacity
(5) Transfer of assets and/or operations to ~~A~~an irrevocable trust or receiver, established either voluntarily or by court mandate

b. For purposes of this Plan, a change in ownership does not include the following:

(1) Entities entering or leaving ELC/PEO~~employee leasing~~ arrangements
(2) Creation or dissolution of joint ventures
(3) Wrap-up projects
(4) Establishment of or change in a revocable trust
(5) Establishment of "debtor in possession" status
(6) Entities entering or leaving affiliation, franchise and/or management agreements
(7) Probate proceedings (until a disposition of the estate is complete)

For more information on experience rating of employee leasing arrangements, joint ventures, and wrap-up projects, refer to Rule 5.

2. Impact of Ownership Changes

Ownership changes may result in a change in:

a. Experience and merit ratings ~~modification.~~
b. Combinability status with other entities~~.~~
c. Premium eligibility status—an entity may or may not qualify to be experience rated. Refer to Rule 2-A for more information regarding premium eligibility~~.~~
d. Rating effective date~~.~~

~~*Refer to the User's Guide for examples.*~~

D. Combination of Entities

1. The combination of two or more entities requires common majority ownership. Combination requires that:

a. The same person, group of persons or ~~corporation~~other legal entity owns more than 50% of each entity, or
b. An entity owns a majority interest in another entity, which in turn owns a majority interest in another entity. All entities are combinable for experience rating purposes regardless of the number of entities involved.

~~*Refer to the User's Guide for examples.*~~

2. Determination of majority ownership interest is based on the following:

a. Majority of issued voting stock~~.~~

b. Majority of the owners, partners or members if no voting stock is issued~~.~~

c. Majority of the board of directors or comparable governing body if a. or b. is not applicable~~.~~

d. Participation of each general partner in the profits of a partnership. Limited partners are **not** considered in determining majority interest~~.~~

e. Ownership interest held by an entity as a fiduciary. Such an entity's total ownership interest will also include any ownership held in a nonfiduciary capacity.

For purposes of this rule, fiduciary does not include a debtor in possession, a trustee under a revocable trust, or a franchisor.

~~*Refer to the User's Guide for examples.*~~

3. Multiple Combinations

a. More than one combination of entities may be possible within a group of entities. The selection of combinations is based on the combination that involves the most entities.

b. If Rule 3-D-3-a does not result in a single group with a majority of entities, the combination will be based on the group that has the largest amount of estimated standard premium. The estimated standard premium is based on the policies in effect at the time of the combination.

c. The experience of any entity may be used in only one combination.

~~c.~~

~~*Refer to the User's Guide for examples.*~~

E. Treatment of Experience

1. Transfer of Experience

Changes in ownership or combination status may or may not result in revisions of experience and/or merit ratings ~~modifications~~. The WCRIBMA ~~rating organization~~ may issue, retract and/or revise the current and up to two preceding ratings ~~modifications~~ due to ownership and/or combination status changes. The ~~rating~~ WCRIBMA ~~organization~~ will request separate data from the carrier when appropriate. In certain cases, documentation may be needed to validate the accuracy of the submitted data.

The experience for any entity undergoing a change in ownership will be ~~be retained or transferred to~~ utilized in the experience and/or merit ratings of the acquiring, surviving or new entity unless specifically excluded by this Plan.

a. Transfer of Experience Table 1

If ~~the~~a single or multiple entity risk disposes of all of its operations, and the purchaser . . .	Then . . .
Does not have any prior or current policies or experience	The experience will be ~~retained in~~ utilized in the future experience ratings of the purchaser, subject to Rule 2-A.
• Has prior experience, for which an experience rating modification has already been issued, or	The experience will be ~~retained in~~ utilized in the future experience ratings of the purchaser and

• Has prior experience, but did not qualify for experience rating	combined with the other experience of the purchaser, subject to Rule 2-A.

b. Transfer of Experience Table 2

If ~~the~~a single or multiple entity risk . . .	And the purchaser . .	Then . . .
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and • The insurance provider **can** furnish the WCRIBMA ~~rating organization~~ with the appropriate experience to provide for transfer of the data to the purchaser	Does not have any experience	• The appropriate experience will be ~~retained in~~ utilized in the future experience ratings of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience ratings of the seller. • If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
	• Has experience but does not qualify for experience rating, or • Is an experience rated risk	• The appropriate experience will be ~~retained in~~ utilized in the future experience ratings of the purchaser, and combined with the other experience of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience ratings of the seller. • If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and • The insurance provider **cannot** furnish the WCRIBMA ~~rating organization~~ with the appropriate experience to provide for transfer of the data to the purchaser	• Does not have any experience, or • Has experience but does not qualify for experience rating	• A unity factor (1.00) will apply to the purchaser's policy until qualifying experience is developed. • All experience developed prior to the sale remains in future experience ratings of the seller.
	Is an experience rated risk	• The purchaser's experience ratings ~~modification~~ will continue to apply. Any experience developed by the purchased entity after the sale will be used in the future experience ratings of the purchaser. • All experience developed by the purchased entity prior to the sale remains in the future experience ratings of the seller.

2. Exclusion of Experience

Rare circumstances may require that experience for any entity undergoing a change in ownership be excluded from future experience ratings. The experience will be excluded only if the WCRIBMA ~~rating organization~~ confirms all of the following:

a. The change must be a material change such that:
   (1) The entire ownership interest **after** the change had no ownership interest **before** the change, or
   (2) The collective ownership of all those having interest in an entity results in either less than:
      - 1/3 ownership **before** the change, or
      - 1/2 ownership **after** the change; and

b. The material change in ownership is accompanied by a change in operations sufficient to result in reclassification of the governing classification; and

c. The material change in ownership is accompanied by a change in the process and hazard of the operations. Change in process and hazard is determined by the WCRIBMA~~rating organization~~.

~~*Refer to the User's Guide for examples.*~~

Except for action that may be taken under Rule 3-F, experience is not otherwise excluded for employee leasing companies and temporary employment agencies. For more information on employee leasing companies, refer to Rule 5-A.

3. Recalculation and Application of Experience Ratings ~~Modifications~~

a. If a change in ownership and/or combinability status occurs, recalculation of experience ratings ~~modifications~~ may be required, as described ~~in the table~~ below. Changes in ownership and/or combinability status may also result in a change in rating effective date, as determined by the WCRIBMA~~rating organization~~. Refer to Rule 2 for changes in RED.

~~If the first written reporting of the change by either the acquiring entity or acquired entity to their carrier or the rating organization occurs . .~~	~~Then the recalculation and application of the revised experience rating modification(s) will be as of the . . .~~
~~Within 90 days of the date of the change~~	~~Date of the change~~
~~More than 90 days after the date of the change~~	~~Next rating effective date following the earliest notice of the change received by a carrier or the rating organization~~

b. If the rating organization determines that a change in ownership or combinability status requires recalculation of experience ratings, then it revises the current and up to two preceding experience ratings.

c. When recalculating experience ratings due to changes in ownership and/or combinability, the current experience rating is the experience rating in effect on the date the rating organization receives the notification of the change in ownership or combinability status.

d. If WCRIBMA revises the current and up to two preceding ratings because of a change in ownership or combinability status, then the revised ratings, whether they increase or decrease, are applied retroactively to the date of the change in ownership or combinability status.

~~*Refer to the User's Guide for examples.*~~

e. Recalculation and application of experience ratings in conjunction with this rule is subject to Rules 3-F and 4-E.

F. Evasion of Experience Ratings ~~Modification~~

1. Actions

Some employers may take actions for the purpose of avoiding an experience rating ~~modification~~. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in the improper application of an experience rating ~~modification~~. Regardless of intent, any action that results in the miscalculation or misapplication of an experience rating ~~modification~~ determined in accordance with this Plan is prohibited. These actions include, but are not limited to:

- Failure to report changes in ownership according to Endorsement WC 00 04 14
- A change in ownership
- A change in combinability status
- Creation of a new entity
- Transfer of operations from one entity to another entity that is not combinable according to Rule 3-D
- Misrepresentation on audits or failure to cooperate with an audit

2. WCRIBMA ~~Rating Organization~~ Response

In such circumstances, the WCRIBMA ~~rating organization~~ may obtain any information that indicates evasion or improper calculation or application of experience ratings ~~modifications~~ due to actions included, but not limited to, those listed in Rule 3-F-1. The WCRIBMA will act to ensure the proper calculation and application of all current and preceding experience ratings impacted by these actions. This includes, but is not limited to the:

- Combination of experience that would otherwise not be combinable according to Rules 3-D and 3-E-1
- Separation of experience that would otherwise be combinable according to Rules 3-D and 3-E-1
- Exclusion of experience that would otherwise be included according to Rule 3-E-1
- Continuation of experience that would otherwise be excluded according to Rules 3-E-1 and 3-E-2
- Issuance of experience rating modifications that were not originally issued
- Revision and/or retraction of experience ratings

~~Change Rule 3-F-2 as follows:~~

~~In such circumstances, the rating organization may obtain any information that indicates evasion or improper calculation or application of experience rating modifications due to actions included, but not limited to, those listed in Rule 3-F-1.~~

~~The rating organization will act to ensure the proper calculation and application of all current and preceding experience rating modifications impacted by these actions.~~

Rule 4—Application and Revision of Experience Ratings ~~Modifications~~

A. General Explanation

1. Experience and merit ratings ~~modifications~~ for eligible risks generally are determined on an annual basis and are effective for a period of 12 months. However, as provided in this Plan, certain circumstances may result in a reduced or extended application of an experience rating ~~modification~~. Refer to Rule 4-D.
2. Only one experience or merit rating ~~modification~~ applies to a risk at any time and it applies to all operations of the risk. Note, however, that experience rating modifications and ARAP factors are always calculated and applied concurrently.
3. Experience and merits ratings ~~modifications~~ are applied to the premium developed by the use of the carrier's rates in force on the effective date of the experience rating ~~modification~~.

B. Inclusion of Payroll and Losses

1. Revision of Payroll

An insurance provider may discover within the audit period (within three years of policy expiration) that previously reported payroll must be revised. When the WCRIBMA ~~rating organization~~ receives correction unit reports according to the *Statistical Plan,* it will revise the current and up to two preceding experience ratings ~~modifications~~.

2. Revision of Losses

Corrections ~~Revised unit reports (correction reports)~~ to 1st, 2nd, and 3rd unit statistical reports may be submitted according to the Statistical Plan ~~may be submitted~~. With limited exception as indicated below, the WCRIBMA ~~rating organization~~ will use all correction reports in the production of the appropriate experience ratings ~~modifications~~.

In certain circumstances, 4th and 5th reports and their corrections may be used in the production of experience rating modifications. Refer to Rule 4-B-2-e for more information.

a. Submission of revised unit reports according to the *Statistical Plan* will result in the automatic recalculation of the current and up to two preceding experience rating modifications.

b. Submission of revised loss values due to ~~If a paid or anticipated~~ recovery from a ~~s~~Special ~~f~~Fund ~~becomes known by the carrier~~ results in the automatic recalculation of~~,~~ the current and up to five preceding experience ratings. ~~modification~~ In these situations, the current rating is that which is in effect when the insurance provider determines the revised loss value. ~~The time frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.~~

c. Submission of revised loss values due to ~~If~~ a subrogation recovery ~~is obtained~~ in an action against a third party~~;~~ results in the automatic recalculation of the current and up to five preceding experience ratings. In these situations, the current rating ~~modification~~ is that which is in effect when the insurance provider determines the revised loss value. ~~The time~~

~~frame for the three (current and two preceding) modifications is limited to the risk's fifth most recent rating effective date.~~

d. Aggravated Inequity Rule

Experience ratings~~modifications~~ are generally based on claim reserves valued as of specific valuation dates determined by the ~~*Massachusetts Workers' Compensation*~~ *Statistical Plan*. When all of the circumstances listed below are met, then the employer may send a written request to the ~~Bureau~~ WCRIBMA to revise the experience rating ~~modification~~ to reflect a closed amount instead of a reserved amount. When all the circumstances listed below are met and identified by the insuring and reporting carrier, the carrier ~~may~~ shall send a correction to the original statistical report, identified as a correction due to an aggravated inequity. Requests from employers and agents or corrections from the carrier must be received by the ~~Bureau~~ WCRIBMA within 30 days of the rating effective date or rating issue date (whichever is later), or within a reasonable time thereafter with good cause shown. The following circumstances must all be met:

(i) One or more of the claims reflected in an issued experience modification is based on a reserve (i.e., the claim had not yet been closed); and

(ii) The employer has learned that such claim(s) have since closed; and

(iii) The claim(s) closed between the normal valuation date and the effective date of the experience modification; and

(iv) The claim(s) closed for amounts less than the reserved amounts.

e. Recalculation Due to Change in Claim Values

1. Method of Recalculation

For each open claim in excess of the Split Point ~~$7,500~~at third report, except those involving permanent and total disability or death, the WCRIBMA ~~rating organization designated by the Commissioner pursuant to M.G.L. c. 152, § 65C,~~ shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fourth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the prior total valuation of such claims at third report, the WCRIBMA~~rating organization~~ shall recalculate the experience rating ~~modification~~ which utilized such third report.

In addition, for each open claim in excess of the Split Point ~~$7,500~~ at third report, except those involving permanent and total disability or death, the WCRIBMA~~rating organization~~ shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fifth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the total valuation of such claims at third report, the WCRIBMA~~rating organization~~ shall recalculate the experience rating ~~modification~~ which utilized such third report.

No recalculations shall be performed which include~~d~~ effects of change on any claim which has not been closed at the time of such recalculation.

The result of any recalculation performed under this rule shall appear as a credit or debit on the insured's bill.

2. Failure to Pay

Failure to pay any amounts owed an insurer as a result of recalculation of an experience modification pursuant to this regulation, shall constitute nonpayment of premium and be grounds for termination of the policy.

f. Recalculation Due to Determination of Non-Compensability

If a claim is found to be non-compensable as defined in Section III-A-2 of the ~~*Massachusetts Workers' Compensation*~~ *Statistical Plan,* then the claim should be reported at the value that the carrier actually paid out net of any recovery, as instructed by the *Statistical Plan*. An experience ~~modification~~ or merit rating, however, will not include the experience of any claim that was determined to be non-compensable.

3. Corrections in Classifications

a. A risk's classification(s) may be corrected in accordance with the ~~Basic~~ MA Manual. When a classification assigned to a risk is revised other than as a result of a change in risk operations, the experience rating ~~modification~~ may be recalculated by the WCRIBMA~~rating organization~~. The purpose of such recalculation is to produce ~~an~~ experience rating ~~modification~~ factors using rating values that correspond to the rates charged on a policy.

b. In such circumstances, the WCRIBMA~~rating organization~~ will act to ensure the proper calculation and application of experience ratings ~~modifications~~. This includes, but is not limited to:

- Reassigning past payroll to the appropriate classification code and rating values
- Using correction reports submitted in accordance with the *Statistical Plan*
- Reviewing the information submitted regarding each change and determining the impact, if any, on the experience ratings ~~modification(s)~~ of the entities involved
- Requesting additional information, if necessary, due to the complexity of certain corrections

c. The WCRIBMA~~rating organization~~ will not revise ~~a modification~~ ratings if the change in classification is a result of:

- A change in risk operations
- A filed and approved change to the classification system

~~**4. Third Party Cases**~~

~~Losses for which a third party claim has been made are included in the calculation of an experience rating modification under the following conditions:~~

~~**a. Unsettled Claims**~~

~~Use the loss as reported at full value.~~

~~**b. Settled Claims**~~

~~Use the following procedure to adjust the loss amount:~~

~~(1) Determine loss amount prior to settlement~~

~~(2) Subtract the amount recovered~~

~~(3) Add the expenses incurred in obtaining the recovery~~

~~(4) If the expense amount in (3) exceeds the recovery amount in (2), use the loss amount (1) prior to settlement~~

~~5.~~4. **Liability-Over Cases**

When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating calculation is as follows. When settled liability–over claims result in:

a. No payment to a third party—The experience rating calculation will include any allocated claim adjustment expense incurred in defending such claims. This expense is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.

b. Payment to a third party—No change is made in the loss valuation used in the calculation of the current experience modification. At the next valuation date, the calculation will include the settlement amount plus any allocated claim adjustment expense incurred in defending such claims. This expense and settlement is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.

C. Types of Experience Rating Modifications

1. Preliminary Modifications

A preliminary experience rating ~~modification~~ uses existing rating values that are expected to change pending regulatory action on a rate filing. The preliminary rating ~~modification~~ must be applied until the pending rate filing is approved and the experience rating ~~modification~~ is recalculated using the new rating values.

~~2. Final Modifications~~

~~Rule 4-C-2 does not apply in Massachusetts.~~

~~3.~~2. Contingent Modifications

a. Explanation

(1) A contingent rating ~~modification~~ is one that is missing some data, but still meets the minimum data requirement displayed in the Minimum Data Requirements Table.

~~(2) Contingent modifications for interstate risks must attain the minimum data requirements for each state meeting the intrastate premium eligibility levels.~~

(~~3~~2) If a~~n intrastate or interstate~~ risk does not attain the minimum amount of data required, a rating ~~modification~~ will not be issued. In such cases, a unity (1.00) factor applies.

b. Minimum Data Requirements

The following table provides the minimum data requirements for all experience periods possible under this Plan. Refer to Rule 2-E-1 for more information on experience periods.

Minimum Data Requirements Table

No of Mos in Experience Period	No of Mos of 1st Report Unit Statistical Data	No of Mos in Experience Period	No of Mos of 1st Report Unit Statistical Data
<12	All Data	35	23
12-24	12	36	24
25	13	37	25
26	14	38	26
27	15	39	27

28	16	40	28
29	17	41	29
30	18	42	30
31	19	43	31
32	20	44	32
33	21	45	33
34	22		

c. Exceptions to Minimum Data Requirements
Experience ratings ~~modifications~~ will be issued and will not be labeled contingent when the WCRIBMA ~~rating organization~~ determines that the risk has had a lapse in coverage.

d. Submission of Missing Data
When the missing data is submitted according to the *Statistical Plan,* the WCRIBMA ~~rating organization~~ will revise the current rating~~modification~~, and if applicable, up to two preceding ratings~~modifications~~.

e. Application
A contingent rating ~~modification~~ applies until another experience rating ~~modification~~ is issued by the WCRIBMA ~~rating organization~~ with the same effective date, subject to Rule 4-E.

D. Application for Single and Multiple Policy Risks

The rating effective date (RED) determines the application of an experience rating ~~modification~~. The RED is determined according to Rule 2-B of this Plan. An experience rating ~~modification~~ will apply for:

- No less than three months, except for those impacted by changes in ownership and combinability status according to Rule 3
- No more than 15 months

1. For Single Policy Risks

a. The experience rating modification applies for the full term of the policy if the policy begins on the RED or within three months after the RED.

b. If a policy begins **more than** three months after the RED, the following procedure applies:

(1) The current experience rating modification applies to the new policy until the date the modification expires.

(2) A renewal experience rating modification applies to the new policy until the date the policy expires.

(3) A new RED may be established. Usually, this will be the date 12 months after the effective date of the new policy.

2. For Multiple Policy Risks

If a risk is covered by two or more policies with varying effective dates, the following procedure applies:

a. An experience rating modification is issued to be effective for 12 months. This modification applies to the portion of each policy falling within that 12-month period, regardless of the policy's effective and expiration dates.

b. A renewal experience rating modification applies to each policy as described in 2-a.

c. The WCRIBMA ~~rating organization~~ will review the effective dates of the multiple policies and may authorize the application of an experience rating modification for a period of other than 12 months.

E. Changes in Experience Rating Modifications ("90 Day Rule")

Experience ratings ~~modifications~~ may change for reasons detailed in this Plan. These changes can occur at various points in time. The following table provides the rules regarding the application of an experience rating ~~modification~~ when a change occurs.

1. Changes in Experience Rating ~~Modifications~~ Table

If the change results in . . .	And the change occurs . . .	Then the change is applied . . .
A ***decrease*** in the experience rating ~~modification~~ for any reason other than a correction in classification according to Rule 4-B-3-c.	• At any time during the policy period, or • After expiration of the policy but within revision period according to Rule 4-B	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date Note: Decreases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.
An ***increase*** in the experience rating ~~modification~~ due to: • Revision of payroll • Revision of losses • Change in preliminary status ~~from preliminary to final modification~~ • Change in contingent status ~~of contingent modification~~ • Any additional reasons other than exclusions listed below	***Within*** 90 days after the policy effective date	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date
	More than 90 days after the policy effective date	Pro rata from the date the carrier endorses the policy.
Exclusions: An ***increase*** in the experience rating modification due to: • Changes in ownership and/or combinability status • Retroactive reclassification of a risk ~~• The termination of a client's employee leasing arrangement under a master policy approach~~	• At any time during the policy period, or • After expiration of policy	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date Note: Increases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.

• Late issuance of an experience rating modification due to a risk that has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to modification avoidance • Appeals Board or other appropriate administrative process or judicial decision • Recalculation according to Rule 4-B-2-e		

Rule 5—Special Rating Conditions

Under this Plan the following rules represent specialized rating treatment for employee leasing arrangements, joint ventures, interstate rating considerations and wrap-up construction projects.

A. Employee Leasing/Professional Employer Organizations

~~Rule 5-A does not apply in Massachusetts.~~ Refer to Rule IX-E, Employee Leasing Arrangements, and Rule IX-F, Professional Employer Organization (~~"~~PEO~~"~~) Agreements, in the *MA Manual*.

The payroll and loss experience from policies of employee leasing companies (ELCs) and PEOs that have the Massachusetts Professional Employer Organization (PEO) / Employee Leasing Endorsement WC 20 03 04 attached shall be combined with the experience of the client company named on the endorsement for purposes of calculating ~~an~~ experience ratings~~modification~~. The experience ratings ~~modification~~ so calculated shall be applied to the client company's policy and all policies maintained for it by an ELC ~~leasing company~~ or PEO.

The payroll and loss experience from policies of clients of PEOs that have the Massachusetts Professional Employer Organization Extension Endorsement WC 20 03 08 attached shall be combined with the experience of the client company for purposes of calculating an experience rating~~modification~~. The experience rating ~~modification~~ so calculated shall be applied to the client company's own policy, and ~~on~~to policies obtained to insure leased employees.

Intrastate or interstate experience modifications issued to ELCs or PEOs shall not include the experience of policies issued with either the Massachusetts Professional Employer Organization (PEO) / Employee Leasing Endorsement, WC 20 03 04, or the Massachusetts Professional Employer Organization Extension Endorsement, WC 20 03 08, attached. The experience for the leased employees should only be included in the experience ratings of the client.

~~B. Ex-Medical Experience~~

~~[ ]~~

~~C~~B. Separate State Experience Rating Modification

1. Explanation

A separate experience rating ~~modification~~ for ~~a single state~~ Massachusetts in an interstate rated risk may be calculated. The ~~single state~~ Massachusetts experience rating modification is calculated using a weighted average, which is based on the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.

2. Permitted as Follows

a. The risk must be interstate rated.

b. The risk must qualify for an intrastate rating in the state where the separate state experience rating modification is requested.

c. The risk must qualify for an intrastate rating in at least one other state.

d. The request for a separate state experience rating ~~modification~~ must be:
   - From a carrier only licensed to write workers compensation insurance in the state for which the separate state rating ~~modification~~ is requested.
   - In writing and subject to the agreement of the insured.
   - Received by the WCRIBMA~~rating organization~~ prior to the rating effective date.

e. The experience rating ~~modifications~~ determined by Steps A–C of Rule 5-~~C~~B-~~-~~4 are calculated using the experience rating ~~modification~~ formulas and ~~the~~ caps ~~on modifications~~.

3. Application

a. Any experience rating ~~modification~~ calculated under this rule applies for the full rating period, regardless of whether the insurance is provided by the requesting carrier or another carrier.

b. The separate state experience rating ~~modification~~ applies to all of a risk's operations in that state. The remaining interstate mod is applied to all other states.

~~c. A risk may qualify for a separate state experience rating modification in more than one state. Under this circumstance, the completed modification for each qualifying state is that state's separate state experience rating modification.~~

4. Determination of the Separate State Experience Rating Modification

Follow the step-by-step procedure to calculate the separate state experience rating modification.

Step A—Calculate, on an interstate basis, a modification for the entire risk.

Step B—Calculate, on an intrastate basis, a modification for the state for which a separate modification has been requested.

Step C—Calculate, on an interstate basis, a modification for all states excluding the state for which a separate modification has been requested.

Step D—Calculate the following (using the results in Steps A, B, and C):

$$\frac{\text{Result of Step A} \times \text{Total Expected Losses in All States}}{(\text{Result of Step B} \times \text{Expected Losses in Separate State}) + (\text{Result of Step C} \times \text{Expected Losses in All Other States})}$$

Step E—Calculate the completed separate state experience rating modification by multiplying the result in Step B by the result in Step D.

Step F—Calculate the completed experience rating modification for all other states by multiplying the result in Step C by the result in Step D.

~~*Refer to the **User's Guide** for an example.*~~

C. Construction/Contracting Risks

1. Wrap-Up Construction Project

A policy issued for an entity participating in a wrap-up construction project or owner-controlled insurance program is subject to its own experience rating ~~modification~~. Payroll and loss experience developed for all such policies is used in future experience ratings ~~modifications~~ of the participating entities. There is no experience rating ~~modification~~ for the wrap-up construction

project as a unit. Refer to the ~~Basic~~ *MA Manual* for more information on wrap-up construction projects.

2. Joint Ventures

Two or more contractors, not combinable for experience rating under the rules of this Plan, may associate for the purpose of undertaking one or more projects as a joint venture.

A joint venture may qualify for its own experience rating provided all of the following conditions are met:

- The contract(s) for the participating entities is awarded in the name of the joint venture; and
- The participating entities share the control, direction~~,~~ and supervision of all work undertaken; and
- The participating entities maintain a common bank account, payroll, and business records

The experience of the joint venture participants is excluded from their individual experience ratings ~~modifications~~.

Experience Rating ~~Modification~~ Determination

A joint venture	**The experience rating ~~modification~~ is calculated**
Will not qualify for its own experience rating ~~modification~~ in the first year or two year(s) of operation(s)	By the carrier using: • An arithmetic average of the experience ratings ~~modifications~~ of the participating entities • A unity (1.00) factor for a participating entity that does not have its own ~~modification~~ rating.
May qualify for its own rating ~~modification~~ in the third and subsequent year(s) of operation(s)	By the WCRIBMA ~~rating organization~~ using the experience developed by the joint venture.

~~3. Cost-Plus Contracts~~

~~Under a cost-plus contract, the principal agrees to compensate the contractor based on the cost of the work performed plus a fixed fee. A policy covering both the contractor and the principal is:~~

- ~~Assigned the experience rating modification of the contractor~~
- ~~Included in the experience of the contractor~~

~~4.~~**3. Uninsured Contractors**

The experience of an uninsured contractor is included in the experience of the principal contractor or the principal owner.

Rule 6 – ~~Miscellaneous Rules~~ Merit Rating & All Risk Adjustment (ARAP) Programs

A. Merit Rating

The *MA Experience Rating Plan Manual* rules apply to the Merit Rating Program, subject to the following:

1. Purpose

The object of the Merit Rating Program is to provide a revised pricing mechanism for risks too small to qualify for experience rating to share in the loss experience they generate.

2. Eligibility

A risk is eligible for the Merit Rating Program if it has an average ~~S~~subject ~~P~~premium over the last three policy years of $500 or more, unless the risk is eligible for experience rating on either an intrastate or interstate basis.

3. Application

The Merit Rating Program Adjustment, expressed as a debit or credit factor, is applied to the ~~S~~subject ~~P~~premium. The resulting~~ant~~ premium, if a debit or credit, is added to or subtracted from the ~~S~~subject ~~P~~premium. This becomes the ~~S~~standard ~~P~~premium. Merit Rating Program Adjustment factors will appear on all Merit Rating worksheets when applicable.

The Merit Rating Program does not apply to an interstate rated risk with Massachusetts exposure. If the risk is eligible for interstate experience rating, an interstate experience modification that includes Massachusetts experience will be issued.

4. Merit Rating Adjustment

The merit rating credits and debits, which are based on lost-time claims (i.e., claims reported with incurred indemnity) that occurred during the experience period, are as follows:

Number of Lost-Time Claims	Merit Rating Adjustment
0	5% credit
1	No credit or debit
2 or more	5% debit

Exception: All claims reported with Catastrophe Number 12 ~~or 48~~ are excluded from merit rating.

B. All Risk Adjustment Program (ARAP)

The *MA Experience Rating Plan Manual* rules apply to the All Risk Adjustment Program (ARAP), subject to the following:

1. Purpose

The object of the ARAP is to provide a revised pricing mechanism for experience rated risks to share the underwriting losses they generate.

2. Eligibility

A risk is eligible for the ARAP if it is eligible for intrastate or interstate experience rating, and the "R" value for the insured is greater than 1.0 as shown in 4-c.

3. Application

The ARAP surcharge factor, expressed as a debit factor, is calculated following calculation of the experience rating modification and appears on the experience rating worksheet when applicable. This surcharge factor is applied to ~~S~~standard ~~P~~premium after experience rating to surcharge risks with a greater record of losses than expected under the experience rating plan.

Experience rated risks with multistate operations are subject to the ARAP for that portion of the risk in Massachusetts. The ARAP surcharge is:

- Calculated using Massachusetts losses and expected losses, and
- Applied to the Massachusetts portion of the risks

4. Calculation

The ARAP surcharge factor for eligible risks is determined as follows:

a. After the calculation of the experience modification factor (M) for a particular risk, the weighted test ratio (R) is calculated.

b. To determine whether the "R" value for the insured is greater than 1.0, the following information is needed from the experience rating calculation using Massachusetts data only:

W	=	Weighting value, calculated on an intrastate basis
A	=	Actual incurred losses, as limited on a per accident basis
Ap	=	Actual primary losses
E	=	Total expected losses
Ep	=	Expected primary losses
M	=	Normal experience rating modification, calculated on an intrastate basis

c. To determine the "R" value (weighted test ratio), the numbers derived from a. above are inserted into the formula:

$$R = \frac{((0.5 - 0.5W) \times Ap)}{(M \times Ep)} + \frac{((0.5 + 0.5W) \times A)}{(M \times E)}$$

d. To determine the surcharge factor (called S) for qualified risks, the following formula is used:

$$S = 1 + \left[\frac{(.08 \times E \times ((R - 1)^{1.25}))}{(E + 3)^{0.5}} \right]$$

In the calculation for S, E (Total expected losses) is divided by one thousand and may not exceed 40, while R may not exceed 2.0.

e. The surcharge factor is limited to a maximum of 1.25

APPENDIX

Effective July 1, 2024

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
0005	0.92	.19	2115	1.89	.17	3041	0.90	.17	3634	0.63	.17	4439	1.79	.18
0008	0.74	.17	2121	0.42	.17	3042	0.91	.16	3635	0.58	.18	4452	1.10	.17
0016	1.32	.17	2130	0.54	.17	3066	0.83	.17	3638	0.58	.17	4459	0.86	.17
0034	0.95	.17	2131	1.24	.18	3076	1.04	.17	3642	0.47	.17	4470	0.65	.17
0035	0.60	.17	2143	0.81	.16	3081D	1.30	.17	3643	0.72	.16	4484	0.83	.17
0036	0.95	.17	2150	1.37	.18	3082D	1.30	.17	3647	0.72	.17	4493	0.73	.17
0042	1.17	.18	2156	1.07	.17	3085D	1.26	.17	3648	0.36	.17	4511	0.09	.17
0046	0.95	.18	2157	1.57	.16	3110	2.01	.16	3681	0.21	.16	4512	0.03	.17
0050	1.72	.18	2172	0.65	.17	3111	0.82	.17	3685	0.20	.17	4557	0.74	.16
0059D	.	.	2211	1.93	.17	3113	0.60	.17	3724	1.37	.17	4558	0.78	.17
0065D	.	.	2220	1.22	.17	3114	0.82	.18	3726	1.18	.17	4583	1.10	.17
0066D	.	.	2260	1.66	.16	3118	0.54	.18	3807	0.87	.17	4611	0.25	.17
0067D	.	.	2288	1.38	.17	3119	0.33	.17	3808	1.00	.17	4635	1.50	.18
0079	0.84	.17	2305	0.79	.17	3120	0.45	.16	3821	1.51	.17	4653	0.84	.17
0083	1.18	.17	2362	0.85	.17	3122	0.74	.17	3826	1.31	.17	4665	3.92	.18
0106	2.72	.18	2380	0.66	.18	3127	0.68	.17	3830	0.54	.17	4692	0.18	.17
0113	0.95	.17	2402	0.71	.17	3131	0.50	.18	3841	0.70	.17	4693	0.26	.17
0170	0.95	.17	2413	0.86	.17	3132	0.72	.17	4000	1.96	.17	4720	0.76	.17
0771	.	.	2416	1.18	.17	3145	0.46	.17	4021	1.03	.17	4740	0.26	.17
0908	36.24	.17	2417	0.48	.16	3146	0.84	.17	4024	1.07	.17	4741	1.20	.16
0909	101.54	.18	2501	0.68	.17	3169	0.84	.17	4034	2.63	.17	4771	1.03	.16
0912	203.07	.18	2503	0.38	.18	3179	0.44	.17	4036	0.67	.17	4777	1.10	.17
0913	72.49	.17	2570	1.45	.16	3180	0.86	.17	4038	0.80	.17	4825	0.15	.17
0917	0.89	.17	2576	0.74	.17	3188	0.70	.17	4053	1.16	.15	4828	0.38	.17
0918	0.15	.16	2585	1.14	.17	3200	0.84	.17	4062	0.77	.17	4829	0.38	.17
1430	1.12	.17	2586	0.71	.17	3220	0.71	.17	4112	0.10	.17	4902	0.55	.17
1438	1.13	.17	2587	0.82	.16	3223	(a)	(a)	4113	1.16	.15	4923	0.26	.17
1463	3.45	.18	2623	1.26	.17	3255	0.66	.17	4114	1.22	.17	5020	1.76	.16
1624D	1.40	.17	2651	0.47	.17	3257	0.93	.18	4130	1.67	.17	5022	2.70	.17
1655	1.02	.16	2660	0.61	.17	3270	0.57	.18	4133	0.74	.17	5037	3.73	.16
1701	1.12	.16	2683	0.70	.17	3300	1.25	.18	4150	0.24	.17	5040	7.18	.16
1710D	1.42	.17	2688	0.70	.17	3305	(a)	(a)	4239	1.08	.17	5057	4.63	.18
1747	0.86	.16	2702	6.10	.18	3315	1.09	.17	4243	0.82	.17	5059	7.22	.18
1748	1.10	.17	2710	2.35	.18	3336	0.81	.17	4244	1.12	.18	5102	2.21	.17
1853	0.52	.18	2731	1.09	.17	3365	1.44	.18	4250	0.91	.17	5146	2.10	.17
1924	1.20	.17	2747	1.98	.17	3372	0.73	.17	4251	1.11	.16	5160	1.26	.16
1925	1.62	.20	2790	0.73	.17	3373	1.33	.17	4273	0.91	.17	5183	1.09	.17
2003	1.11	.17	2802	1.17	.17	3381	0.57	.17	4279	0.84	.17	5188	1.22	.16
2014	1.29	.17	2835	0.74	.17	3383	0.47	.17	4283	0.81	.16	5190	0.72	.17
2021	0.96	.17	2836	0.89	.16	3385	0.33	.18	4299	0.61	.17	5191	0.25	.17
2039	1.65	.17	2841	1.07	.18	3400	0.81	.17	4304	2.24	.18	5192	1.17	.17
2041	0.85	.16	2883	1.00	.17	3507	1.04	.17	4307	0.46	.17	5213	2.96	.17
2070	1.26	.16	2923	0.43	.17	3515	0.78	.17	4308	0.78	.14	5215	1.87	.16
2081	1.24	.18	2942	0.57	.17	3558	0.24	.18	4351	0.32	.17	5221	2.27	.17
2089	0.91	.17	3018	0.79	.17	3571	0.21	.17	4352	0.32	.17	5222	2.76	.16
2095	1.15	.17	3022	1.25	.18	3574	0.58	.17	4360	0.27	.17	5223	1.20	.17
2101	0.94	.17	3027	0.81	.17	3612	0.53	.17	4361	0.22	.17	5348	1.39	.16
2105	(a)	(a)	3028	1.20	.17	3620	0.97	.17	4362	0.16	.17	5402	2.14	.16
2111	0.78	.17	3030	1.76	.17	3629	0.58	.17	4410	0.85	.17	5403	2.33	.17
2114	0.94	.17	3040	1.99	.17	3632	0.54	.17	4432	0.37	.17	5437	1.22	.17

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

D Supplement Disease Loading.

Effective July 1, 2024

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
5443	1.00	.17	7016M	1.12	.79	7704	1.41	.18	8719	0.69	.17	9179	15.98	.21
5445	1.91	.16	7024M	1.40	.79	7720	0.57	.17	8720	0.28	.17	9180	1.35	.20
5462	2.22	.17	7038M	2.12	.76	7855	1.52	.17	8721	0.06	.17	9182	0.90	.19
5472	2.48	.17	7046M	3.02	.58	8001	0.66	.18	8726F	1.55	.18	9186	1.34	.20
5473	3.89	.17	7047M	1.76	.69	8002	0.64	.19	8734M	0.21	.54	9220	1.19	.17
5474	1.55	.17	7050M	3.32	.67	8006	0.42	.17	8737M	0.17	.54	9402	1.42	.17
5478	1.45	.16	7090M	2.65	.76	8008	0.26	.17	8738M	0.26	.53	9403	4.18	.17
5479	1.80	.17	7098M	3.55	.58	8010	0.52	.17	8742	0.03	.18	9410	1.12	.17
5480	1.64	.17	7099M	4.45	.51	8013	0.10	.19	8745	1.68	.17	9501	0.68	.17
5506	1.58	.17	7133	(a)	(a)	8017	0.35	.17	8747	0.28	.16	9505	0.68	.17
5507	1.43	.17	7151M	3.96	.52	8018	1.38	.17	8748	0.17	.17	9519	0.91	.17
5508D	1.65	.18	7152M	6.22	.52	8021	1.17	.17	8800	0.41	.17	9521	1.25	.17
5509	1.91	.19	7153M	4.96	.52	8031	0.61	.18	8803	0.01	.17	9522	0.68	.16
5538	1.35	.17	7219	2.48	.17	8032	0.46	.17	8805M	0.09	.60	9533	6.40	.16
5545	15.06	.18	7230	3.32	.17	8033	0.59	.18	8810	0.02	.18	9534	1.84	.17
5547	3.17	.17	7231	3.98	.16	8034	1.21	.16	8814M	0.07	.60	9549	1.26	.16
5606	0.39	.17	7309F	4.07	.18	8039	0.70	.18	8815M	0.11	.59	9552	1.70	.17
5610	2.17	.16	7313F	5.61	.16	8044	0.94	.17	8820	0.02	.17	9586	0.12	.17
5645	2.23	.18	7317F	4.67	.17	8046	0.84	.18	8824	0.81	.17	9620	0.32	.18
5701	4.02	.17	7327F	6.89	.17	8048	0.88	.17	8826	0.63	.17			
5703	2.29	.17	7333M	4.51	.70	8058	0.85	.18	8829	0.94	.16			
5705	3.62	.17	7335M	5.30	.70	8103	0.91	.17	8831	0.31	.20			
6003	1.83	.16	7337M	6.65	.61	8105	4.12	.16	8832	0.10	.17			
6005	1.65	.18	7350F	5.71	.16	8106	1.36	.18	8833	0.40	.16			
6204	2.04	.16	7360	1.47	.17	8107	0.76	.17	8835	0.63	.16			
6217	1.44	.16	7370	1.57	.17	8111	0.93	.17	8837	(a)	(a)			
6229	1.44	.17	7380	2.54	.17	8203	1.70	.17	8868	0.31	.17			
6233	0.60	.16	7382	1.35	.17	8204	1.31	.17	8901	0.02	.18			
6251D	1.20	.16	7394M	5.80	.84	8215	1.07	.18	9014	0.79	.17			
6252D	1.43	.17	7395M	7.41	.84	8227	1.77	.18	9015	1.00	.17			
6306	2.70	.16	7398M	9.29	.74	8232	1.58	.17	9016	0.59	.19			
6319	0.84	.17	7403	1.19	.17	8233	2.05	.17	9019	1.08	.17			
6325	0.91	.17	7405	0.52	.16	8235	1.46	.17	9033	0.98	.17			
6400	1.42	.17	7420	4.32	.18	8263	1.49	.17	9040	1.05	.17			
6504	0.94	.17	7421	0.32	.15	8264	1.48	.17	9044	0.56	.18			
6702M	(a)	(a)	7422	0.32	.15	8265	2.02	.17	9052	0.60	.17			
6703M	(a)	(a)	7425	1.01	.17	8279	1.44	.19	9058	0.60	.17			
6704M	(a)	(a)	7431	0.32	.15	8291	1.44	.18	9060	0.35	.18			
6801F	1.91	.17	7445	.	.	8292	1.34	.18	9061	0.35	.17			
6811	1.72	.17	7453	.	.	8293	2.24	.18	9062	0.31	.17			
6824F	2.33	.19	7502	0.68	.16	8350	2.45	.17	9063	0.20	.18			
6826F	1.53	.17	7515	0.79	.19	8380	0.88	.17	9077F	2.60	.21			
6834	0.80	.18	7520	1.02	.17	8381	0.36	.17	9079	0.35	.17			
6836	1.01	.18	7538	1.10	.17	8385	1.27	.17	9089	0.23	.17			
6843F	4.42	.17	7539	0.45	.17	8392	0.58	.17	9093	0.34	.18			
6854	3.97	.17	7580	0.93	.17	8393	0.50	.16	9101	1.37	.17			
6872F	4.10	.19	7590	1.88	.18	8500	2.05	.17	9102	1.00	.18			
6874F	5.40	.17	7600	1.48	.16	8601	0.06	.17	9154	0.73	.18			
6882	3.69	.19	7601	1.28	.17	8709F	1.57	.18	9156	0.69	.18			
6884	4.86	.17	7610	0.16	.16	8710	0.71	.17	9178	3.93	.22			

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

D Supplement Disease Loading.

F Expected Loss Rates and Discount Ratios for risks covered under the United States Longshore and Harbor Workers' Compensation Act.

M Expected Loss Rates and Discount Ratios for risks subject to Admiralty Law or Federal Employers Liability Act (FELA).

Effective July 1, 2022

TABLE OF WEIGHTING VALUES

EXPECTED LOSSES	WEIGHTING VALUES	EXPECTED LOSSES	WEIGHTING VALUES	EXPECTED LOSSES	WEIGHTING VALUES
0 - 2,931	0.04	829,408 - 894,882	0.24	3,418,995 - 3,696,438	0.44
2,932 - 11,851	0.05	894,883 - 963,836	0.25	3,696,439 - 4,005,844	0.45
11,852 - 20,962	0.06	963,837 - 1,036,559	0.26	4,005,845 - 4,353,074	0.46
20,963 - 86,018	0.07	1,036,560 - 1,113,376	0.27	4,353,075 - 4,745,517	0.47
86,019 - 125,216	0.08	1,113,377 - 1,194,645	0.28	4,745,518 - 5,192,622	0.48
125,217 - 162,596	0.09	1,194,646 - 1,280,770	0.29	5,192,623 - 5,706,665	0.49
162,597 - 200,061	0.10	1,280,771 - 1,372,202	0.30	5,706,666 - 6,303,899	0.50
200,062 - 238,261	0.11	1,372,203 - 1,469,451	0.31	6,303,900 - 7,006,299	0.51
238,262 - 277,532	0.12	1,469,452 - 1,573,094	0.32	7,006,300 - 7,844,326	0.52
277,533 - 318,093	0.13	1,573,095 - 1,683,786	0.33	7,844,327 - 8,861,466	0.53
318,094 - 360,117	0.14	1,683,787 - 1,802,272	0.34	8,861,467 - 10,122,016	0.54
360,118 - 403,757	0.15	1,802,273 - 1,929,410	0.35	10,122,017 - 11,725,231	0.55
403,758 - 449,157	0.16	1,929,411 - 2,066,185	0.36	11,725,232 - 13,832,817	0.56
449,158 - 496,463	0.17	2,066,186 - 2,213,738	0.37	13,832,818 - 16,727,225	0.57
496,464 - 545,823	0.18	2,213,739 - 2,373,398	0.38	16,727,226 - 20,950,201	0.58
545,824 - 597,396	0.19	2,373,399 - 2,546,720	0.39	20,950,202 - 27,688,977	0.59
597,397 - 651,350	0.20	2,546,721 - 2,735,538	0.40	27,688,978 - 40,145,480	0.60
651,351 - 707,868	0.21	2,735,539 - 2,942,030	0.41	40,145,481 - 70,958,899	0.61
707,869 - 767,148	0.22	2,942,031 - 3,168,801	0.42	70,958,900 - 274,327,342	0.62
767,149 - 829,407	0.23	3,168,802 - 3,418,994	0.43	274,327,343 - 999,999,999	0.63

(a)	G = Average Cost Per Claim for Losses Used in Exp Rating (Divided by 1000)		14
(b)	State Per Claim Accident Limitation	$	350,000
(c)	State Multiple Claim Accident Limitation	$	700,000
(d)	U.S. Longshore and Harbor Workers' Act Per Claim Accident Limitation	$	130,000
(e)	U.S. Longshore and Harbor Workers' Act Multiple Claim Accident Limitation	$	260,000
(f)	Employers Liability Per Claim Accident Limitation	$	55,000
(g)	Primary/Excess Loss Split Point	$	7,500
(h)	USL&HW Act—Expected Loss Factor—Non-F Classes		1.112 †
	(Multiply a Non-F classification ELR by the USL&HW Act – Expected Loss Factor of 1.112)		
(i)	Cap on Modifications = 1 + (0.00005) [(Expected Losses) + (2) (Expected Losses) / G]		

† The USL&H Act-Expected Loss Factor-Non-F Classes updated to reflect July 1, 2023 rate revision.

Effective July 1, 2022

TABLE OF BALLAST VALUES

EXPECTED LOSSES	BALLAST VALUES	EXPECTED LOSSES	BALLAST VALUES	EXPECTED LOSSES	BALLAST VALUES
0 - 68,696	35,000	1,726,975 - 1,776,919	210,000	3,475,984 - 3,525,970	385,000
68,697 - 104,903	40,000	1,776,920 - 1,826,867	215,000	3,525,971 - 3,575,956	390,000
104,904 - 146,890	45,000	1,826,868 - 1,876,818	220,000	3,575,957 - 3,625,943	395,000
146,891 - 191,997	50,000	1,876,819 - 1,926,771	225,000	3,625,944 - 3,675,930	400,000
191,998 - 238,797	55,000	1,926,772 - 1,976,726	230,000	3,675,931 - 3,725,918	405,000
238,798 - 286,573	60,000	1,976,727 - 2,026,684	235,000	3,725,919 - 3,775,906	410,000
286,574 - 334,949	65,000	2,026,685 - 2,076,643	240,000	3,775,907 - 3,825,894	415,000
334,950 - 383,716	70,000	2,076,644 - 2,126,605	245,000	3,825,895 - 3,875,882	420,000
383,717 - 432,750	75,000	2,126,606 - 2,176,568	250,000	3,875,883 - 3,925,871	425,000
432,751 - 481,974	80,000	2,176,569 - 2,226,533	255,000	3,925,872 - 3,975,860	430,000
481,975 - 531,338	85,000	2,226,534 - 2,276,500	260,000	3,975,861 - 4,025,849	435,000
531,339 - 580,807	90,000	2,276,501 - 2,326,468	265,000	4,025,850 - 4,075,839	440,000
580,808 - 630,358	95,000	2,326,469 - 2,376,437	270,000	4,075,840 - 4,125,829	445,000
630,359 - 679,972	100,000	2,376,438 - 2,426,407	275,000	4,125,830 - 4,175,819	450,000
679,973 - 729,638	105,000	2,426,408 - 2,476,379	280,000	4,175,820 - 4,225,809	455,000
729,639 - 779,346	110,000	2,476,380 - 2,526,352	285,000	4,225,810 - 4,275,800	460,000
779,347 - 829,088	115,000	2,526,353 - 2,576,326	290,000	4,275,801 - 4,325,791	465,000
829,089 - 878,859	120,000	2,576,327 - 2,626,301	295,000	4,325,792 - 4,375,782	470,000
878,860 - 928,654	125,000	2,626,302 - 2,676,276	300,000	4,375,783 - 4,425,773	475,000
928,655 - 978,470	130,000	2,676,277 - 2,726,253	305,000	4,425,774 - 4,475,764	480,000
978,471 - 1,028,304	135,000	2,726,254 - 2,776,231	310,000	4,475,765 - 4,525,756	485,000
1,028,305 - 1,078,152	140,000	2,776,232 - 2,826,209	315,000	4,525,757 - 4,575,748	490,000
1,078,153 - 1,128,014	145,000	2,826,210 - 2,876,188	320,000	4,575,749 - 4,625,739	495,000
1,128,015 - 1,177,887	150,000	2,876,189 - 2,926,168	325,000	4,625,740 - 4,675,732	500,000
1,177,888 - 1,227,771	155,000	2,926,169 - 2,976,148	330,000	4,675,733 - 4,725,724	505,000
1,227,772 - 1,277,664	160,000	2,976,149 - 3,026,129	335,000	4,725,725 - 4,775,716	510,000
1,277,665 - 1,327,564	165,000	3,026,130 - 3,076,111	340,000	4,775,717 - 4,825,709	515,000
1,327,565 - 1,377,472	170,000	3,076,112 - 3,126,093	345,000	4,825,710 - 4,875,702	520,000
1,377,473 - 1,427,386	175,000	3,126,094 - 3,176,076	350,000	4,875,703 - 4,925,694	525,000
1,427,387 - 1,477,306	180,000	3,176,077 - 3,226,059	355,000	4,925,695 - 4,975,687	530,000
1,477,307 - 1,527,231	185,000	3,226,060 - 3,276,043	360,000		
1,527,232 - 1,577,161	190,000	3,276,044 - 3,326,028	365,000		
1,577,162 - 1,627,095	195,000	3,326,029 - 3,376,013	370,000		
1,627,096 - 1,677,033	200,000	3,376,014 - 3,425,998	375,000		
1,677,034 - 1,726,974	205,000	3,425,999 - 3,475,983	380,000		

For Expected Losses (E) greater than $4,975,687, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$B = (0.1E + 2{,}500GE/(E + 700G))$$
$$G = 14$$

WCRIBMA
THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU OF MASSACHUSETTS

ERM FORM
REQUEST FOR OWNERSHIP INFORMATION

All workers' compensation policies issued to Massachusetts employers require employers to report any changes in ownership to the insurance company in writing within 90 days of the change. This form is used to report such ownership changes and other changes as shown below. The information reported on this form is CONFIDENTIAL and will be used to assist in calculating the related employers' experience ratings and resulting premiums.

Sections I to V must be answered completely and the form must be signed, otherwise it will be returned.

Section I. PURPOSE – Check only one. If more than one Purpose applies, complete a separate form for each Purpose/change.

☐ **NAME CHANGE** – The name of the entity has changed. Attach supporting legal documentation if applicable.

☐ **FORMATION OF A NEW ENTITY** THAT ACTS AS, OR IN EFFECT IS, A SUCCESSOR TO ANOTHER ENTITY THAT -

(Select one:) ☐ Has dissolved ☐ Is non-operative ☐ May continue to operate in a limited capacity

Provide the dates Entity 1 became inactive and Entity 2 became active in Section IV.

☐ **DETERMINATION OF COMBINABILITY** OF SEPARATE ENTITIES.

The experience of two or more entities may need to be combined or separated based on their ownership interest.

☐ **SALE OR TRANSFER OF OWNERSHIP INTEREST** – Complete or partial sale of the business entity's ownership interest.

☐ **SALE OR TRANSFER OF PHYSICAL ASSETS TO ANOTHER ENTITY** WHICH TAKES OVER ITS OPERATIONS.

Describe the following in Section II:

- The assets that were sold/transferred
- The locations that were sold/transferred
- The changes made to the operation, if any
- The percentage of seller's employees who will work for the buyer
- The involvement the seller will have in the business after the sale

☐ **MERGER OR CONSOLIDATION** – Two or more entities have merged or combined to form a single entity.

Attach a signed copy of the Agreement and/or Articles of Merger.

☐ **AN IRREVOCABLE TRUST OR RECEIVER** ESTABLISHED EITHER VOLUNTARILY OR BY COURT MANDATE -

A change has occurred in the business requiring the entity be put in a trust or receivership. Attach legal documentation.

EFFECTIVE DATE OF CHANGE: _____
(Required for all Purposes except Determination of Combinability)

Section II. NARRATIVE DESCRIPTION – Mandatory

Provide a description of the transaction being reported, and include the names of the entities involved.

Section III. SUBMITTER INFORMATION – Contact information for the person submitting the form.

Name _____ Title _____

Company _____ Relationship to Business Reporting Ownership Information _____

Phone Number _____ Email Address _____

Section IV. OWNERSHIP INFORMATION – Provide details below for each entity involved in the transaction described on page one. If additional space or columns are required, use additional forms and/or submit a signed letter on the employer's letterhead.

	ENTITY 1 Entity before the change or to determine combinability with another entity	**ENTITY 2** Entity after the change or to determine combinability with another entity	**ENTITY 3** Entity after the merger or to determine combinability with another entity
Name of Business			
Primary Location PO Boxes not acceptable			
FEIN (No SSNs)			
Insurance Co. Policy Number Policy Effective Date			
NCCI Risk ID No. If applicable			
Legal Status LLC, Sole Proprietorship, Partnership, Corporation, etc.			
Owners' Names & %s of Ownership * **Sole Proprietor** – Owner **Partnership** – Partners & %s of Ownership **Corporation** – Owners(s) & %s of Ownership **Limited Liability Company (LLC)** – Member(s) & %s of Ownership **Limited Partnership** – General Partner(s) & %s of Ownership **Other –** Board of Directors, Trustee, Receiver, or Comparable Governing Body	List Owners' Names & Ownership %s ☐ Voting shares reported*	List Owners' Names & Ownership %s ☐ Voting shares reported*	List Owners' Names & Ownership %s ☐ Voting shares reported*
Date Name/Ownership in Each Column Became Effective			
Active or Inactive? If inactive, provide the date of inactivity.			
For WCRIBMA use only			

** When the percentage of ownership differs from the percentage of voting shares, report the percentage of voting shares.*

Note: If any owners shown on this form have had current or prior ownership in any business not shown on this form, then complete a separate ERM Form for the purpose of determination of combinability of separate entities.

Section V. CERTIFICATION – By signing this ERM Form, I certify under the pains and penalties of perjury that:

- I am a legal owner or officer of one or more entities reporting information on this form, and
- All information provided on this form is complete and correct, and
- I understand that providing false information on this form may be a violation of Massachusetts General Law, Chapter 152, Section 14(3) and considered a material misrepresentation; therefore providing false information may result in the cancellation of workers' compensation coverage.

Signature Date

Title

Printed Name

Company

Phone Number

Email Address

Exhibit 4

MASSACHUSETTS EXPERIENCE RATING PLAN MANUAL

FOR WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

2026 EDITION
Effective August 1, 2026

WCRIBMA

THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU OF MASSACHUSETTS

Created and maintained by
The Workers' Compensation Rating & Inspection Bureau of Massachusetts
101 Arch Street, Boston, MA 02110
617-439-9030

Contents

Rule 1—General Explanations

A. Experience Rating

Experience rating recognizes the differences among individual insureds with respect to safety and loss prevention. It does this by comparing the experience of individual insureds with the average insured in the same classification. The differences are reflected by an experience rating modification, based on individual payroll and loss records, which may result in an increase, decrease, or no change in premium.

B. Mandatory Plan

1. The *Massachusetts 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.

   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 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 rating effective date, which occurs on or after the effective date of the change. Refer to Rule 2-B for more information about rating effective dates.

4. The Workers Compensation and Employers Liability Insurance Policy provides the Workers' Compensation Rating & Inspection Bureau of Massachusetts (WCRIBMA) 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 attachment of endorsements.

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 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.

C. Definitions

1. Experience

The experience used to calculate a risk's experience or merit rating is comprised of the payroll and losses that are reported according to the *Massachusetts Workers' Compensation Statistical Plan* (*Statistical Plan)*. For purposes of this Plan, payroll and losses may also be referred to as data. The experience used in a rating is determined by Rule 2-E.

2. Payroll

The audited payroll or other exposures for each classification in the experience period are those reported according to the *Statistical Plan*.

3. Losses

Incurred losses for each classification in the experience period are those reported according to the *Statistical Plan*.

a. No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss.

Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019 through December 31, 2023. This rule applies to experience ratings with rating effective dates of August 16, 2020 and later.

Exception: Claims that are reported as non-compensable are excluded from experience rating calculations. For instructions on non-compensable claims, refer to Rule 4-B-2-f.

b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, refer to Rule 2-C-13.

4. Entity

An entity is an individual, partnership, corporation, unincorporated association, fiduciary, or other legal entity.

5. Experience Rating

Experience rating, as used in this Plan, is a term that encompasses experience modifications, ARAP factors, and, when specifically stated, merit ratings.

6. Risk

A risk is all entities eligible for combination under this Plan, regardless of whether insurance is provided by one or more policies or insurance carriers. A risk may be:

a. A single entity, or

b. Two or more entities that qualify for combination according to Rule 3-D.

7. Split Point

The Primary/Excess Loss Split Point, or "Split Point", is the dollar amount of a loss that differentiates between Actual Primary Losses and Actual Excess Losses in the experience modification calculation. The amount of the loss equal to or under the Split Point is considered Primary, while the amount of the loss over the Split Point is considered Excess. The Split Point value can be found in the Table of Weighting Values, Appendix B, of this Plan.

8. Statistical Plan

The *Massachusetts Workers' Compensation Statistical Plan* details data reporting requirements for individual risk experience. Typically, 1st, 2nd, and 3rd reports, as well as corrections to such reports, are used in the experience rating calculation. In certain circumstances, fourth and fifth reports and corrections to those reports may be used in experience rating calculations. Refer to Rule 4-B-2-e.

Based on a risk's experience period, an individual unit report may be used in more than one experience rating.

9. Subject Premium

Subject premium is reported according to the approved Massachusetts Premium Algorithms, found in the *Workers' Compensation and Employers Liability Insurance Manual ("MA Manual")*. For experience rating purposes, subject premium developed for an individual risk during:

a. Its experience period is used to determine a risk's eligibility according to Rule 2-A.

b. The policy period to which the experience rating applies, is multiplied by the experience rating modification or merit rating factor.

10. Unity (1.00) Factor

A unity (1.00) factor may apply to a risk for reasons including, but not limited to:

a. It does not qualify for experience rating. Refer to Rule 2-A for premium eligibility requirements.

b. It does not meet the minimum data requirements. Refer to Rule 4-C-3 for an explanation.

c. It is a new business with no data available for production of an experience rating or merit rating.

d. It qualifies for experience rating, with the calculation resulting in a 1.00 experience modification or merit rating.

e. Data could not be provided as a result of an ownership change. Refer to Rule 3-E for an explanation.

D. Administration

1. The WCRIBMA determines the applicability of all Plan rules in Massachusetts.

2. Experience and merit ratings are calculated, issued and, if necessary, revised by the WCRIBMA if intrastate rated, or by NCCI if interstate rated.

3. Unless otherwise provided by this Plan, experience and merit rating issuance and revision is limited to the current and two preceding ratings.

4. The designated carrier is issued the experience rating worksheet when the rating is calculated. The WCRIBMA will provide a copy of the rating to the insured upon request. Other parties, such as agents, risk managers, or carriers (other than the insuring carrier) can obtain a copy of the worksheet with the permission of the insured at a cost. The permission of the insured is presented through a "Letter of Authority," which must be on the insured's stationery and must be signed by the insured. An e-mail or a fax from the insured is considered the insured's stationery.

5. The calculated experience or merit ratings factor are applied by the carrier(s) in accordance with this Plan, other applicable rules, statutes, and regulations.

6. An employer whose intrastate experience modification was issued by the WCRIBMA who believes that the rules of the Experience Rating Plan Manual have not been properly applied, should first try to resolve their dispute with their carrier.

   If these efforts are unsuccessful, the employer should send a written request to the WCRIBMA's Data Operations Department (101 Arch Street, 13th Floor, Boston, MA 02110) giving the details of all issues in dispute and requesting the assistance of the WCRIBMA in resolving the dispute. Data Operations will research the dispute, make any necessary corrections, and provide a written explanation regarding the correct application of the rule(s) in dispute.

   If the employer is not satisfied with the results of the WCRIBMA's attempts to resolve the dispute, the employer may request an appeal. This is done by sending a written request, including a complete description of the dispute and copies of all correspondence with the carrier and the WCRIBMA, to the Vice President of Customer Services of the WCRIBMA (see address above). The employer will be contacted regarding the scheduling of the Appeals Committee Meeting.

   The Appeals Committee consists of insurance company representatives, insurance agency representatives and employer representatives. The appeal itself is an informal process in which the appellant can discuss with the Appeals Committee the reasons why they feel they have been aggrieved by the WCRIBMA's application of the rating system. Following discussion, the Committee renders a decision which is communicated to the appellant in writing.

   If the appellant is not satisfied with the action taken by this Committee, they have thirty (30) days after receipt of written notice, during which they may appeal to the Commissioner of Insurance.

   An employer whose interstate experience modification was issued by National Council on Compensation Insurance, Inc. ("NCCI") who believes that the rules of the Experience Rating Plan Manual have not been properly applied should follow NCCI's dispute resolution procedures. If NCCI determines that Massachusetts is the governing state on an interstate rated risk, then NCCI will refer the appellant to the WCRIBMA for the appeal. In this case, the WCRIBMA will review NCCI's ruling to make sure it agrees with all MA rules and laws. Any appeal heard in Massachusetts will be based on the WCRIBMA's ruling and will follow the process stated below for experience ratings issued by the WCRIBMA.

Rule 2—Experience Rating Elements and Formula

A. Premium Eligibility

1. Premium

a. Subject Premium

A risk's eligibility for this Plan is based on the amount of subject premium as defined in Rule 1-C-9. Refer to Rule 2-A-2 to determine premium eligibility for a specific risk.

b. Not Subject to Experience Rating

According to the approved Massachusetts Premium Algorithms**,** some premium elements are not subject to experience rating. Premium may be charged for these elements under the standard policy. This premium is not:

- Subject to increase or decrease by an experience or merit rating factor,
- Used to determine premium eligibility for experience rating as detailed in Rule 2-A-2, or
- Used in the calculation of an experience rating, unless otherwise stated in this Plan or the *MA Manual*.

2. Subject Premium Eligibility Amounts

A risk qualifies for an experience rating when its subject premium, developed in its experience period, meets or exceeds the minimum eligibility amount , as described in this section. Refer to Rule 2-E-1 to determine a risk's experience period.

a. A risk qualifies for an experience rating if its data within the most recent 24 months of the experience period develops a subject premium of at least $11,000.

b. A risk may not qualify according to Rule 2-A-2-a. If it has more than 24 months of experience, then to qualify for an experience rating the risk must develop an average annual subject premium of at least $5,500. Refer to Rule 2-A-3 to determine average annual subject premium.

3. Average Annual Subject Premium

Determine a risk's average subject premium on an annual basis for experience rating eligibility purposes as follows:

$$\frac{\text{Total Subject Premium}}{\text{Total Months of Experience in Experience Period}} \times 12 = \text{Average Annual Subject Premium}$$

When the average annual subject premium is determined, refer to Rule 2-A-2 for premium eligibility requirements. The reference to total months of experience in this calculation includes partial months but excludes gaps in coverage.

4. Intrastate Experience Rating

A risk qualifies for experience rating on an intrastate (single-state) basis when it meets the premium eligibility requirements as described in Rule 2-A-2. Qualifying subject premium is based on payroll or other exposures reported in accordance with the approved Massachusetts Premium Algorithms.

5. Interstate Experience Rating

a. A risk qualifies for experience rating on an interstate (multi-state) basis, to be calculated by NCCI, when it:

1) Meets the premium requirement for intrastate rating in any one state, and

2) Develops experience during the experience period in one or more additional states where NCCI's Plan applies or where the independent rating organization Plan permits combination for interstate rating.

b. The experience developed in each additional state does not have to meet the premium requirement for intrastate rating.

c. The interstate modification applies to all of the risk's operations even if coverage is written under separate policies.

d. If a risk expands operations into one or more additional states, its experience rating modification applies to the additional state(s) operations as of the date of expansion. Experience for such operations will be included in the calculation of future modifications.

e. If a risk is intrastate rated in an independent bureau state that participates in the interstate experience rating plan, Rules 2-A-5-a through d apply.

B. Rating Effective Date (RED)

1. The RED appears on a risk's experience or merit rating worksheet. It is the earliest date that a specific modification is applied to a policy. To determine experience rating application, refer to Rule 4-D.

   The WCRIBMA establishes the RED.

2. Wrap-up policies are not used to determine the RED. Refer to Rule 5-C-1 for information on wrap-up policies.

3. The RED may differ from a risk's policy effective date for reasons including, but not limited to:
   - Short-term policies
   - Cancellations
   - Gaps in coverage
   - Changes in ownership or combinability status
   - Multiple policy effective dates
   - Interstate operations
   - A policy that is longer than one year and 16 days
   - Late receipt of current policy information by the WCRIBMA

   To determine a risk's RED, the WCRIBMA will apply the Rating Effective Date Determination Table in conjunction with a review of the most recent full-term policies and unit statistical data. For purposes of this rule, a full-term policy is written for 12 months and is not cancelled prior to its expiration date.

4. Rating Effective Date Determination Table

If the risk is . . .	Then the rating effective date is . . .
• A **single** policy intrastate or interstate risk, or • A **multiple** policy intrastate or interstate risk with all policies having the **same** effective date	The effective month and day of the most recent full-term policy in effect and each policy thereafter unless the date is changed due to a reason listed above.
A **multiple** policy **intrastate** risk with policies having **different** effective dates	The effective month and day of the most recent full-term policy in effect with the largest amount of estimated standard premium.

C. Elements of Experience Rating Formula

1. Expected Loss Rate (ELR)

The Expected Loss Rate (ELR) is a factor applied to each $100 of payroll for a classification. It determines the amount of expected losses for a classification.

ELRs are listed in the Tables of Expected Loss Rates and Discount Ratios in Appendix A of this Plan.

2. Expected Losses

The expected losses for each classification are determined by multiplying the payroll divided by $100 times the ELR. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected losses represent the benchmark level of losses expected for all employers in Massachusetts within a particular classification. It is against this benchmark that individual employers are compared, based on their actual losses.

3. Discount Ratio (D-Ratio)

The Discount Ratio (D-Ratio) is a factor applied to the expected losses for each classification. It determines the portion of a risk's expected losses that are expected to be primary losses.

Discount Ratios are listed in the Tables of Expected Loss Rates and Discount Ratios in Appendix A of this Plan.

4. Expected Primary Losses

Expected Primary Losses for each classification are determined by multiplying the Discount Ratio times the expected losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected primary losses represent the benchmark level of primary losses for all employers in Massachusetts within a particular classification. It is against this benchmark that individual employers are compared, based on their actual primary losses.

5. Actual Incurred Losses

For purposes of experience rating, Actual Incurred Losses are those reported according to the *Statistical Plan*.

6. Actual Primary Losses

Actual Primary Losses are the portion of the Actual Incurred Losses that are used at full value in the experience rating calculation. For each actual incurred loss, the amount up to the Split Point is considered primary.

Refer to Table of Weighting Values, Appendix B, of this Plan for the Split Point.

7. Expected Excess Losses

Expected Excess Losses are determined by subtracting the total expected primary losses from the total expected losses. Within the experience rating calculation, the expected excess losses represent the benchmark level of losses in total, for the portion of all claims in excess of the Split Point. It is against this benchmark that individual employers are compared, based on their actual excess losses.

Refer to Table of Weighting Values, Appendix B, of this Plan for the Split Point.

8. Actual Excess Losses

Actual Excess Losses are determined by subtracting the Actual Primary Losses from the Actual Incurred Losses. Within the experience rating calculation, the excess portion of a loss reflects its severity and is given partial weight based on the size of the risk. As risk size increases, so does the amount of the actual excess losses used in the calculation.

9. Weighting Value

The Weighting Value is a factor that is applied to a risk's actual excess losses and the expected excess losses. The result is rounded to the nearest whole number. The weighting value determines how much of the actual excess losses and expected excess losses are used in an experience rating. The weighting value increases as expected losses increase.

The Table of Weighting Values is contained in Appendix B of this Plan. The weighting value is based on the total expected losses of the risk.

10. Ballast Value

The Ballast Value is a stabilizing element designed to limit the effect of any single loss on the experience rating. It is added to both the actual primary losses and expected primary losses. The ballast value increases as expected losses increase.

The Table of Ballast Values is contained in Appendix C of this Plan. The ballast value is based on the total expected losses of the risk.

11. Stabilizing Value

The Stabilizing Value is determined as follows:

Expected Excess Losses x (1 – Weighting Value) + Ballast Value

The result is rounded to the nearest whole number. The stabilizing value is included in both the actual and expected portions of the experience rating calculation formula. It limits the potential for significant variances in the experience rating modification factor from one year to the next. Its most significant impact is on smaller risks, which have a greater likelihood for severe swings in experience rating modification factors.

12. Ratable Excess

a. Expected Ratable Excess Losses

Expected Ratable Excess Losses are determined by multiplying the weighting value times the expected excess losses. The result is rounded to the nearest whole number. Within the experience rating calculation, the expected ratable excess losses represent, in total, the

benchmark level of excess losses for all similarly classified employers. It is against this benchmark that individual employers are compared, based on their actual ratable excess losses.

b. Actual Ratable Excess Losses

Actual Ratable Excess Losses are determined by multiplying the weighting value times the actual excess losses. The result is rounded to the nearest whole number. For each actual incurred loss exceeding the Split Point, only the portion of the loss amount above the Split Point is used. Within the experience rating calculation, the actual ratable excess losses represent, in total, the amount of actual excess losses to be used.

Refer to Table of Weighting Values, Appendix B, of this Plan for the Split Point.

13. Limitation of Losses Employed in a Rating

Losses are limited to the per claim or multiple claim limitations found in the Table of Weighting Values, Appendix B of this Plan.

a. Single and Multiple Claim Limitation

i. Basic Loss Limitation Table

If . . .	Then . . .
An accident involves only one person	• The loss is subject to the per claim accident limitation • The actual primary loss is subject to the maximum primary value of the Split Point, even if the loss does not exceed the per claim accident limitation
An employers' liability-only loss exists	• The loss is subject to the employers' liability per claim accident limitation • The actual primary loss is subject to the maximum primary value of the Split Point, even if the loss does not exceed the employers' liability per claim accident limitation

ii. Loss Limitation Table for Accidents Involving Two or More Persons Table 1

If an accident involves two or more persons, and . . .	Then . . .
The total of the losses exceeds the multiple claim accident limitation	• The total losses are subject to the multiple claim accident limitation • The actual primary loss for these accidents is limited to two times the Split Point, even if the losses do not exceed the multiple claim accident limitation
The total of the losses **does not** exceed the multiple claim accident limitation, and none of the individual losses within the total exceeds the per claim accident limitation	• The individual losses are used at full value • The total actual primary losses for the accident are limited to two times the Split Point

iii Loss Limitation Table for Accidents Involving Two or More Persons Table 2

If an accident involves two or more persons, and the total of the losses does not exceed the multiple claim accident limitation, but an individual loss within the total exceeds the per claim accident limitation, and . . .	Then the individual loss is limited to the per claim accident limitation and . . .
The total of the remaining losses exceeds the Split Point	• The remainder of the losses are used at full value • The total actual primary losses for the accident are limited to two times the Split Point
The total of the remaining losses **does not** exceed the Split Point	• The remainder of the losses are used at full value • The actual primary loss is limited to the Split Point for the individually limited loss • No actual primary loss limitation applies for the remainder of the losses

b. Disease Loss Limitation

Disease losses are subject to per claim and multiple claim limitations. A limitation on total disease losses may also apply to an individual policy. This is in addition to the claim limitations already applied to individual disease losses under Rule 2-C-13-a.

(1) To apply the disease loss policy limitation:

(a) Determine if a risk's individual policy total limited and nonlimited actual incurred disease losses exceed the policy disease limit of triple the per claim accident limitation shown in the Table of Weighting Values, plus 120% of the risk's total expected losses for the experience period. If the risk-specific threshold is exceeded, the disease losses are limited to such threshold, and

(b) The actual primary losses are limited to two times the Split Point, plus 40% of the risk's total expected primary losses for the experience period.

(c) Round the result of (b) to the nearest whole number.

(2) A policy's total disease losses may not meet the risk-specific policy limitation amount as determined in (1)(a) above, but exceed the limitation shown in (1)(b). In such circumstances, Rule 2-C-13-a applies.

(3) For risks that do not have an experience period of 36 months, determine policy disease losses as follows:

To determine the...	Combine the disease losses of all policies within the experience period having an effective date...
Most recent policy year	Within 24 months prior to the rating effective date
Middle policy year	More than 24 months but not exceeding 36 months prior to the rating effective date
Oldest policy year	More than 36 months prior to the rating effective date

D. Experience Rating Modification Formula

1. Experience Rating Modification Formula

The experience rating modification formula:

- Is used to determine the experience rating modification for all risks eligible for experience rating.
- Includes the data in a risk's experience period to produce an experience rating modification.

Primary Losses		Stabilizing Value				Ratable Excess		Totals
Actual Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Actual Excess Losses	=	Total A
Expected Primary Losses	+	(1 minus Weighting Value) x Expected Excess Losses	+	Ballast Value	+	Weighting Value x Expected Excess Losses	=	Total B

For the experience rating modification, divide Total A by Total B, then round to two decimal places.

2. Maximum Debit Modification

Experience rating modification factors determined by the formula in Rule 2-D-1 are subject to a cap if the debit modification exceeds a specific amount. The risk-specific maximum debit modification is determined as follows:

Maximum Debit Modification = 1 + (0.00005) [(Expected Losses) + (2) (Expected Losses) / G]

"G" is a value equal to the MA average cost per claim for losses used in experience rating, divided by 1000.

"G" is located in the Table of Weighting Values, Appendix B of this Plan.

3. U.S. Longshore and Harbor Workers' Compensation (USL&HW) Act Coverage

Experience ratings containing classifications where the rates include coverage under the USL&HW Act are calculated using the formula described in Rule 2-D-1.

Classifications subject to the USL&HW Act but not followed by the letter "F" in the Table of Expected Loss Rates and Discount Ratios, have their expected losses determined by applying the USL&HW Act Expected Loss Factor to the expected loss rate (ELR) for such classifications.

The USL&HW Act Expected Loss Factor can be found in the Table of Weighting Values, Appendix B of this Plan.

E. Experience to Be Used in a Rating

1. Experience Period

Experience ratings use past payroll and losses to predict future losses. The experience period represents the total amount of this data used in an experience rating. The calculation of a risk's experience rating must include all eligible experience developed during the experience period.

a. A risk's RED determines its experience period. Experience for each of a risk's policies is included if the policy effective date is:

(1) Not less than 21 months before the RED, and

(2) Not more than 57 months before the RED

b. A risk's experience period cannot contain more than 45 months of data. The 45-month limitation is a maximum period of time between the expiration date of the most recent policy and the effective date of the oldest policy. While the experience period may not exceed 45 months, an experience rating modification may be produced with less than 12 months of data. The amount of data included in a risk's experience period may be impacted for reasons including, but not limited to:

- Short-term policies
- Cancellations
- Gaps in coverage
- Changes in ownership or combinability status
- Rating effective date changes
- Multiple policy effective dates
- Policies longer than one year and 16 days
- Wrap-up policies
- Interstate operations

c. If both the most recent and oldest policies fit within this experience period, and the inclusion of both policies would exceed 45 months, the oldest policy is not used.

d. Based on a risk's rating effective date:

(1) A risk's most current data, evaluated at the proper reporting level and excluding fourth to tenth reports, is used to calculate experience ratings. Refer to the *Statistical Plan* for valuation date information.

Note that in certain circumstances, fourth and fifth reports and corrections to those reports may be used in experience rating calculations. Refer to Rule 4-B-2-e.

(2) An individual policy's data may be used in more than three experience rating modifications. However, the policy must be eligible for inclusion according to Rule 2-E-1-a, b, and c.

e. Examples of Experience Period Determinations

Rating Effective Date = 1/1/2026
Experience Period = 4/1/2021 – 4/1/2024, divided as follows:

4/1/2021 – 3/31/2022	4/1/2022 – 3/31/2023	4/1/2023 – 4/1/2024
Policies with Eff Dts on or between these dates are valued at 3rd report	Policies with Eff Dts on or between these dates are valued at 2nd report	Policies with Eff Dts on or between these dates are valued at 1st report

Policies to be Included = 1/1/2024-2025 – valued at 1st report
1/1/2023-2024 – valued at 2nd report
1/1/2022-2023 – valued at 3rd report
5/1/2021-1/1/2022 – valued at 3rd report

2. Self-Insurance Groups (SIGs) and Non-WCRIBMA-Member Carriers

Self-Insurance Groups may contract with the WCRIBMA for purposes of calculating experience ratings and consequently must adhere to the rules for reporting unit statistical data.

a. Experience of risks insured by non-member carriers and SIGs may be included in experience ratings.

b. All non-WCRIBMA-member carriers and SIGs must get approval from the WCRIBMA before submitting statistical data.

c. The data must be submitted to the WCRIBMA according to the rules of the *Statistical Plan*.

d. Non-WCRIBMA-member carrier and SIG data correctly submitted to the WCRIBMA will be used to determine experience modification and merit rating eligibility and will be used in the calculation of experience modifications, ARAPs, and merit ratings distributed to members, non-members, and SIGs.

e. Massachusetts SIG data will not be used in interstate experience ratings issued by NCCI.

3. Discontinued Operations

An entity may elect to discontinue all or part of its operations.

If an entity discontinues...	Then the future experience ratings will include ...
All of its operations and re-establishes them at a later date	The applicable data developed prior to discontinuation.
Part of its operations	The applicable data developed both: i. Prior to discontinuation, and ii. For the remaining operations

4. **Self-Insurer's Data**

The data of an employer who is a licensed self-insurer under Massachusetts General Law, c. 152, § 25A(2), is not used in an experience rating modification except when recommended by the WCRIBMA Manager and approved by the Commissioner of Insurance.

Rule 3—Ownership Changes and Combination of Entities

A. Reporting Requirement

The Notification of Change in Ownership Endorsement (WC 00 04 14) provides that changes in ownership and/or combinability status must be reported by the employer to its carrier(s) within 90 days of the date of the change. This may be accomplished by submitting:

- A completed Confidential Request for Information Form. The MA ERM Form can be found in Appendix D of this Plan, or it can be completed online and submitted to WCRIBMA at www.wcribma.org in the Manage Ownership app., or
- The information in narrative form on the letterhead of the insured, signed by an officer of the insured entity.

Failure to report changes in ownership according to Endorsement WC 00 04 14 may be considered modification evasion. Refer to Rule 3-F.

B. Research and Decision

The employer, carrier(s), or agent(s) of the employer may submit the ownership and/or combinability status information to the WCRIBMA. The WCRIBMA reviews the information submitted and any publicly available information regarding each change and determines the impact, if any, on the experience ratings of the entities involved.

The complexity of certain transactions may require the WCRIBMA to request additional information. The WCRIBMA may also research public and/or other available records to verify provided information. This information is used to assist in clarifying complex situations or possible modification evasion. Refer to Rule 3-F.

Note: The WCRIBMA issues rulings for those risks that qualify for experience rating. However, the submitted information will be retained for future reference should a risk qualify for experience rating at a later date.

C. Ownership Changes

Changes in ownership interest may affect the use of an entity's experience in future experience ratings. Based on the rules of this Plan, when a change occurs, the WCRIBMA will determine whether to exclude or retain an entity's experience. Refer to Rule 3-A for reporting requirements.

In addition, if the WCRIBMA determines that the ownership transaction improperly affected the experience rating, it will take necessary action to ensure proper calculation and application of all current and preceding experience ratings.

1. Types of Ownership Changes

a. For purposes of this Plan, a change in ownership includes any of the following:

(1) Sale, transfer, or conveyance of all or a portion of an entity's ownership interest
(2) Sale, transfer, or conveyance of an entity's physical assets to another entity that takes over its operations
(3) Merger or consolidation of two or more entities
(4) Formation of a new entity that acts as, or in effect is, a successor to another entity that:
  (a) Has dissolved
  (b) Is non-operative
  (c) May continue to operate in a limited capacity
(5) Transfer of assets and/or operations to an irrevocable trust or receiver, established either voluntarily or by court mandate

b. For purposes of this Plan, a change in ownership does not include the following:

(1) Entities entering or leaving ELC/PEO arrangements
(2) Creation or dissolution of joint ventures
(3) Wrap-up projects
(4) Establishment of or change in a revocable trust
(5) Establishment of "debtor in possession" status
(6) Entities entering or leaving affiliation, franchise and/or management agreements
(7) Probate proceedings (until a disposition of the estate is complete)

For more information on experience rating of employee leasing arrangements, joint ventures, and wrap-up projects, refer to Rule 5.

2. Impact of Ownership Changes

Ownership changes may result in a change in:

a. Experience and merit ratings
b. Combinability status with other entities
c. Premium eligibility status—an entity may or may not qualify to be experience rated. Refer to Rule 2-A for more information regarding premium eligibility
d. Rating effective date

D. Combination of Entities

1. The combination of two or more entities requires common majority ownership. Combination requires that:
   a. The same person, group of persons or other legal entity owns more than 50% of each entity, or
   b. An entity owns a majority interest in another entity, which in turn owns a majority interest in another entity. All entities are combinable for experience rating purposes regardless of the number of entities involved.
2. Determination of majority ownership interest is based on the following:
   a. Majority of issued voting stock
   b. Majority of the owners, partners or members if no voting stock is issued
   c. Majority of the board of directors or comparable governing body if a. or b. is not applicable

d. Participation of each general partner in the profits of a partnership. Limited partners are **not** considered in determining majority interest

e. Ownership interest held by an entity as a fiduciary. Such an entity's total ownership interest will also include any ownership held in a nonfiduciary capacity.

For purposes of this rule, fiduciary does not include a debtor in possession, a trustee under a revocable trust, or a franchisor.

3. Multiple Combinations

a. More than one combination of entities may be possible within a group of entities. The selection of combinations is based on the combination that involves the most entities.

b. If Rule 3-D-3-a does not result in a single group with a majority of entities, the combination will be based on the group that has the largest amount of estimated standard premium. The estimated standard premium is based on the policies in effect at the time of the combination.

c. The experience of any entity may be used in only one combination.

E. Treatment of Experience

1. Transfer of Experience

Changes in ownership or combination status may or may not result in revisions of experience and/or merit ratings. The WCRIBMA may issue, retract and/or revise the current and up to two preceding ratings due to ownership and/or combination status changes. The WCRIBMA will request separate data from the carrier when appropriate. In certain cases, documentation may be needed to validate the accuracy of the submitted data.

The experience for any entity undergoing a change in ownership will be utilized in the experience and/or merit ratings of the acquiring, surviving or new entity unless specifically excluded by this Plan.

a. Transfer of Experience Table 1

If a single or multiple entity risk disposes of all of its operations, and the purchaser . . .	Then . . .
Does not have any prior or current policies or experience	The experience will be utilized in the future experience ratings of the purchaser, subject to Rule 2-A.
• Has prior experience, for which an experience rating modification has already been issued, or • Has prior experience, but did not qualify for experience rating	The experience will be utilized in the future experience ratings of the purchaser and combined with the other experience of the purchaser, subject to Rule 2-A.

b. Transfer of Experience Table 2

If a single or multiple entity risk . . .	And the purchaser . .	Then . . .
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and	Does not have any experience	• The appropriate experience will be utilized in the future experience ratings of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience ratings of the seller.

• The insurance provider **can** furnish the WCRIBMA with the appropriate experience to provide for transfer of the data to the purchaser		• If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
	• Has experience but does not qualify for experience rating, or • Is an experience rated risk	• The appropriate experience will be utilized in the future experience ratings of the purchaser, and combined with the other experience of the purchaser, subject to Rule 2-A. • The same experience will be excluded from the future experience ratings of the seller. • If the separated experience results in the seller, purchaser, or both, not qualifying for experience rating, a unity factor (1.00) will apply to the nonqualifying risk(s) until qualifying experience is developed.
• Disposes of part of its operations, and • Otherwise continues to operate its business, and • Its statistical data has been combined on a single policy, and • The insurance provider **cannot** furnish the WCRIBMA with the appropriate experience to provide for transfer of the data to the purchaser	• Does not have any experience, or • Has experience but does not qualify for experience rating	• A unity factor (1.00) will apply to the purchaser's policy until qualifying experience is developed. • All experience developed prior to the sale remains in future experience ratings of the seller.
	Is an experience rated risk	• The purchaser's experience ratings will continue to apply. Any experience developed by the purchased entity after the sale will be used in the future experience ratings of the purchaser. • All experience developed by the purchased entity prior to the sale remains in the future experience ratings of the seller.

2. Exclusion of Experience

Rare circumstances may require that experience for any entity undergoing a change in ownership be excluded from future experience ratings. The experience will be excluded only if the WCRIBMA confirms all of the following:

a. The change must be a material change such that:

(1) The entire ownership interest **after** the change had no ownership interest **before** the change, or

(2) The collective ownership of all those having interest in an entity results in either less than:

- 1/3 ownership **before** the change, or
- 1/2 ownership **after** the change; and

b. The material change in ownership is accompanied by a change in operations sufficient to result in reclassification of the governing classification; and

c. The material change in ownership is accompanied by a change in the process and hazard of the operations. Change in process and hazard is determined by the WCRIBMA.

Except for action that may be taken under Rule 3-F, experience is not otherwise excluded for employee leasing companies and temporary employment agencies. For more information on employee leasing companies, refer to Rule 5-A.

3. Recalculation and Application of Experience Ratings

a. If a change in ownership and/or combinability status occurs, recalculation of experience ratings may be required, as described below. Changes in ownership and/or combinability status may also result in a change in rating effective date, as determined by the WCRIBMA. Refer to Rule 2 for changes in RED.

b. If the rating organization determines that a change in ownership or combinability status requires recalculation of experience ratings, then it revises the current and up to two preceding experience ratings.

c. When recalculating experience ratings due to changes in ownership and/or combinability, the current experience rating is the experience rating in effect on the date the rating organization receives the notification of the change in ownership or combinability status.

d. If WCRIBMA revises the current and up to two preceding ratings because of a change in ownership or combinability status, then the revised ratings, whether they increase or decrease, are applied retroactively to the date of the change in ownership or combinability status.

e. Recalculation and application of experience ratings in conjunction with this rule is subject to Rules 3-F and 4-E.

F. Evasion of Experience Ratings

1. Actions

Some employers may take actions for the purpose of avoiding an experience rating. Other employers may take actions for otherwise legitimate business reasons that nonetheless result in the improper application of an experience rating. Regardless of intent, any action that results in the miscalculation or misapplication of an experience rating determined in accordance with this Plan is prohibited. These actions include, but are not limited to:

- Failure to report changes in ownership according to Endorsement WC 00 04 14
- A change in ownership
- A change in combinability status
- Creation of a new entity
- Transfer of operations from one entity to another entity that is not combinable according to Rule 3-D
- Misrepresentation on audits or failure to cooperate with an audit

2. WCRIBMA Response

In such circumstances, the WCRIBMA may obtain any information that indicates evasion or improper calculation or application of experience ratings due to actions included, but not limited to, those listed in Rule 3-F-1. The WCRIBMA will act to ensure the proper calculation and

application of all current and preceding experience ratings impacted by these actions. This includes, but is not limited to the:

- Combination of experience that would otherwise not be combinable according to Rules 3-D and 3-E-1
- Separation of experience that would otherwise be combinable according to Rules 3-D and 3-E-1
- Exclusion of experience that would otherwise be included according to Rule 3-E-1
- Continuation of experience that would otherwise be excluded according to Rules 3-E-1 and 3-E-2
- Issuance of experience rating modifications that were not originally issued
- Revision and/or retraction of experience ratings

Rule 4—Application and Revision of Experience Ratings

A. General Explanation

1. Experience and merit ratings for eligible risks generally are determined on an annual basis and are effective for a period of 12 months. However, as provided in this Plan, certain circumstances may result in a reduced or extended application of an experience rating. Refer to Rule 4-D.
2. Only one experience or merit rating applies to a risk at any time and it applies to all operations of the risk. Note, however, that experience rating modifications and ARAP factors are always calculated and applied concurrently.
3. Experience and merits ratings are applied to the premium developed by the use of the carrier's rates in force on the effective date of the experience rating.

B. Inclusion of Payroll and Losses

1. Revision of Payroll

An insurance provider may discover within the audit period (within three years of policy expiration) that previously reported payroll must be revised. When the WCRIBMA receives correction unit reports according to the *Statistical Plan,* it will revise the current and up to two preceding experience ratings.

2. Revision of Losses

Corrections to 1st, 2nd, and 3rd unit statistical reports may be submitted according to the Statistical Plan . With limited exception as indicated below, the WCRIBMA will use all correction reports in the production of the appropriate experience ratings.

In certain circumstances, 4th and 5th reports and their corrections may be used in the production of experience rating modifications. Refer to Rule 4-B-2-e for more information.

a. Submission of revised unit reports according to the *Statistical Plan* will result in the automatic recalculation of the current and up to two preceding experience rating modifications.

b. Submission of revised loss values due to recovery from a Special Fund results in the automatic recalculation of the current and up to five preceding experience ratings. In these situations, the current rating is that which is in effect when the insurance provider determines the revised loss value.

c. Submission of revised loss values due to a subrogation recovery in an action against a third party results in the automatic recalculation of the current and up to five preceding experience ratings. In these situations, the current rating is that which is in effect when the insurance provider determines the revised loss value.

d. Aggravated Inequity Rule

Experience ratings are generally based on claim reserves valued as of specific valuation dates determined by the *Statistical Plan*. When all of the circumstances listed below are met, then the employer may send a written request to the WCRIBMA to revise the experience rating to reflect a closed amount instead of a reserved amount. When all the circumstances listed below are met and identified by the insuring and reporting carrier, the carrier shall send

a correction to the original statistical report, identified as a correction due to an aggravated inequity. Requests from employers and agents or corrections from the carrier must be received by the WCRIBMA within 30 days of the rating effective date or rating issue date (whichever is later), or within a reasonable time thereafter with good cause shown. The following circumstances must all be met:

(i) One or more of the claims reflected in an issued experience modification is based on a reserve (i.e., the claim had not yet been closed); and

(ii) The employer has learned that such claim(s) have since closed; and

(iii) The claim(s) closed between the normal valuation date and the effective date of the experience modification; and

(iv) The claim(s) closed for amounts less than the reserved amounts.

e. Recalculation Due to Change in Claim Values

1. Method of Recalculation

For each open claim in excess of the Split Point at third report, except those involving permanent and total disability or death, the WCRIBMA shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fourth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the prior total valuation of such claims at third report, the WCRIBMA shall recalculate the experience rating which utilized such third report.

In addition, for each open claim in excess of the Split Point at third report, except those involving permanent and total disability or death, the WCRIBMA shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fifth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the total valuation of such claims at third report, the WCRIBMA shall recalculate the experience rating which utilized such third report.

No recalculations shall be performed which include effects of change on any claim which has not been closed at the time of such recalculation.

The result of any recalculation performed under this rule shall appear as a credit or debit on the insured's bill.

2. Failure to Pay

Failure to pay any amounts owed an insurer as a result of recalculation of an experience modification pursuant to this regulation, shall constitute nonpayment of premium and be grounds for termination of the policy.

f. Recalculation Due to Determination of Non-Compensability

If a claim is found to be non-compensable as defined in Section III-A-2 of the *Statistical Plan,* then the claim should be reported at the value that the carrier actually paid out net of any recovery, as instructed by the *Statistical Plan*. An experience or merit rating, however, will not include the experience of any claim that was determined to be non-compensable.

3. Corrections in Classifications

a. A risk's classification(s) may be corrected in accordance with the MA Manual. When a classification assigned to a risk is revised other than as a result of a change in risk operations, the experience rating may be recalculated by the WCRIBMA. The purpose of such

recalculation is to produce experience rating factors using rating values that correspond to the rates charged on a policy.

b. In such circumstances, the WCRIBMA will act to ensure the proper calculation and application of experience ratings. This includes, but is not limited to:
   - Reassigning past payroll to the appropriate classification code and rating values
   - Using correction reports submitted in accordance with the *Statistical Plan*
   - Reviewing the information submitted regarding each change and determining the impact, if any, on the experience ratings of the entities involved
   - Requesting additional information, if necessary, due to the complexity of certain corrections

c. The WCRIBMA will not revise ratings if the change in classification is a result of:
   - A change in risk operations
   - A filed and approved change to the classification system

4. Liability-Over Cases

When a risk's incurred losses include liability-over claims, the inclusion of such losses in the experience rating calculation is as follows. When settled liability–over claims result in:

a. No payment to a third party—The experience rating calculation will include any allocated claim adjustment expense incurred in defending such claims. This expense is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.

b. Payment to a third party—No change is made in the loss valuation used in the calculation of the current experience modification. At the next valuation date, the calculation will include the settlement amount plus any allocated claim adjustment expense incurred in defending such claims. This expense and settlement is subject to the Employers Liability Accident Limitation in the Tables of Weighting Values.

C. Types of Experience Rating Modifications

1. Preliminary Modifications

A preliminary experience rating uses existing rating values that are expected to change pending regulatory action on a rate filing. The preliminary rating must be applied until the pending rate filing is approved and the experience rating is recalculated using the new rating values.

2. Contingent Modifications

a. Explanation

(1) A contingent rating is one that is missing some data, but still meets the minimum data requirement displayed in the Minimum Data Requirements Table.

(2) If a risk does not attain the minimum amount of data required, a rating will not be issued. In such cases, a unity (1.00) factor applies.

b. Minimum Data Requirements

The following table provides the minimum data requirements for all experience periods possible under this Plan. Refer to Rule 2-E-1 for more information on experience periods.

Minimum Data Requirements Table

No of Mos in Experience Period	No of Mos of 1st Report Unit Statistical Data	No of Mos in Experience Period	No of Mos of 1st Report Unit Statistical Data
<12	All Data	35	23
12-24	12	36	24
25	13	37	25
26	14	38	26
27	15	39	27
28	16	40	28
29	17	41	29
30	18	42	30
31	19	43	31
32	20	44	32
33	21	45	33
34	22		

c. Exceptions to Minimum Data Requirements
Experience ratings will be issued and will not be labeled contingent when the WCRIBMA determines that the risk has had a lapse in coverage.

d. Submission of Missing Data
When the missing data is submitted according to the *Statistical Plan,* the WCRIBMA will revise the current rating, and if applicable, up to two preceding ratings.

e. Application
A contingent rating applies until another experience rating is issued by the WCRIBMA with the same effective date, subject to Rule 4-E.

D. Application for Single and Multiple Policy Risks

The rating effective date (RED) determines the application of an experience rating. The RED is determined according to Rule 2-B of this Plan. An experience rating will apply for:

- No less than three months, except for those impacted by changes in ownership and combinability status according to Rule 3
- No more than 15 months

1. For Single Policy Risks

a. The experience rating modification applies for the full term of the policy if the policy begins on the RED or within three months after the RED.

b. If a policy begins **more than** three months after the RED, the following procedure applies:

(1) The current experience rating modification applies to the new policy until the date the modification expires.

(2) A renewal experience rating modification applies to the new policy until the date the policy expires.

(3) A new RED may be established. Usually, this will be the date 12 months after the effective date of the new policy.

2. For Multiple Policy Risks

If a risk is covered by two or more policies with varying effective dates, the following procedure applies:

a. An experience rating modification is issued to be effective for 12 months. This modification applies to the portion of each policy falling within that 12-month period, regardless of the policy's effective and expiration dates.

b. A renewal experience rating modification applies to each policy as described in 2-a.

c. The WCRIBMA will review the effective dates of the multiple policies and may authorize the application of an experience rating modification for a period of other than 12 months.

E. Changes in Experience Rating Modifications ("90 Day Rule")

Experience ratings may change for reasons detailed in this Plan. These changes can occur at various points in time. The following table provides the rules regarding the application of an experience rating when a change occurs.

1. Changes in Experience Rating Table

If the change results in . . .	And the change occurs . . .	Then the change is applied . . .
A ***decrease*** in the experience rating for any reason other than a correction in classification according to Rule 4-B-3-c.	• At any time during the policy period, or • After expiration of the policy but within revision period according to Rule 4-B	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date Note: Decreases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.
An ***increase*** in the experience rating due to: • Revision of payroll • Revision of losses • Change in preliminary status • Change in contingent status • Any additional reasons other than exclusions listed below	***Within*** 90 days after the policy effective date	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date
	More than 90 days after the policy effective date	Pro rata from the date the carrier endorses the policy.
Exclusions: An ***increase*** in the experience rating modification due to: • Changes in ownership and/or combinability status	• At any time during the policy period, or • After expiration of policy	• Retroactively to the inception of the policy, or • As of the rating effective date, if later than the policy effective date

• Retroactive reclassification of a risk • Late issuance of an experience rating modification due to a risk that has failed to cooperate with audits or other actions attributable to the risk or representatives of the risk, including but not limited to modification avoidance • Appeals Board or other appropriate administrative process or judicial decision • Recalculation according to Rule 4-B-2-e		Note: Increases in experience rating modifications due to a change in ownership and/or combinability status are applied retroactively to the date of the change, according to Rule 3-E-3.

Rule 5—Special Rating Conditions

Under this Plan the following rules represent specialized rating treatment for employee leasing arrangements, joint ventures, interstate rating considerations and wrap-up construction projects.

A. Employee Leasing/Professional Employer Organizations

Refer to Rule IX-E, Employee Leasing Arrangements, and Rule IX-F, Professional Employer Organization (PEO) Agreements, in the *MA Manual*.

The payroll and loss experience from policies of employee leasing companies (ELCs) and PEOs that have the Massachusetts Professional Employer Organization (PEO) / Employee Leasing Endorsement WC 20 03 04 attached shall be combined with the experience of the client company named on the endorsement for purposes of calculating experience ratings. The experience ratings so calculated shall be applied to the client company's policy and all policies maintained for it by an ELC or PEO.

The payroll and loss experience from policies of clients of PEOs that have the Massachusetts Professional Employer Organization Extension Endorsement WC 20 03 08 attached shall be combined with the experience of the client company for purposes of calculating an experience rating. The experience rating so calculated shall be applied to the client company's own policy, and to policies obtained to insure leased employees.

Intrastate or interstate experience modifications issued to ELCs or PEOs shall not include the experience of policies issued with either the Massachusetts Professional Employer Organization (PEO) / Employee Leasing Endorsement, WC 20 03 04, or the Massachusetts Professional Employer Organization Extension Endorsement, WC 20 03 08, attached. The experience for the leased employees should only be included in the experience ratings of the client.

B. Separate State Experience Rating Modification

1. Explanation

A separate experience rating for Massachusetts in an interstate rated risk may be calculated. The Massachusetts experience rating modification is calculated using a weighted average, which is based on the risk's total expected losses in all states included in the experience rating modification and its expected losses in the separate state.

2. Permitted as Follows

a. The risk must be interstate rated.

b. The risk must qualify for an intrastate rating in the state where the separate state experience rating modification is requested.

c. The risk must qualify for an intrastate rating in at least one other state.

d. The request for a separate state experience rating must be:

- From a carrier only licensed to write workers compensation insurance in the state for which the separate state rating is requested.
- In writing and subject to the agreement of the insured.

- Received by the WCRIBMA prior to the rating effective date.

e. The experience rating determined by Steps A–C of Rule 5-B-4 are calculated using the experience rating formulas and caps.

3. Application

a. Any experience rating calculated under this rule applies for the full rating period, regardless of whether the insurance is provided by the requesting carrier or another carrier.

b. The separate state experience rating applies to all of a risk's operations in that state. The remaining interstate mod is applied to all other states.

4. Determination of the Separate State Experience Rating Modification

Follow the step-by-step procedure to calculate the separate state experience rating modification.

Step A—Calculate, on an interstate basis, a modification for the entire risk.

Step B—Calculate, on an intrastate basis, a modification for the state for which a separate modification has been requested.

Step C—Calculate, on an interstate basis, a modification for all states excluding the state for which a separate modification has been requested.

Step D—Calculate the following (using the results in Steps A, B, and C):

$$\frac{\text{Result of Step A} \times \text{Total Expected Losses in All States}}{(\text{Result of Step B} \times \text{Expected Losses in Separate State}) + (\text{Result of Step C} \times \text{Expected Losses in All Other States})}$$

Step E—Calculate the completed separate state experience rating modification by multiplying the result in Step B by the result in Step D.

Step F—Calculate the completed experience rating modification for all other states by multiplying the result in Step C by the result in Step D.

C. Construction/Contracting Risks

1. Wrap-Up Construction Project

A policy issued for an entity participating in a wrap-up construction project or owner-controlled insurance program is subject to its own experience rating. Payroll and loss experience developed for all such policies is used in future experience ratings of the participating entities. There is no experience rating for the wrap-up construction project as a unit. Refer to the *MA Manual* for more information on wrap-up construction projects.

2. Joint Ventures

Two or more contractors, not combinable for experience rating under the rules of this Plan, may associate for the purpose of undertaking one or more projects as a joint venture.

A joint venture may qualify for its own experience rating provided all of the following conditions are met:

- The contract(s) for the participating entities is awarded in the name of the joint venture; and
- The participating entities share the control, direction and supervision of all work undertaken; and

- The participating entities maintain a common bank account, payroll, and business records

The experience of the joint venture participants is excluded from their individual experience ratings.

Experience Rating Determination

A joint venture	**The experience rating is calculated**
Will not qualify for its own experience rating in the first year or two year(s) of operation(s)	By the carrier using: • An arithmetic average of the experience ratings of the participating entities • A unity (1.00) factor for a participating entity that does not have its own rating.
May qualify for its own rating in the third and subsequent year(s) of operation(s)	By the WCRIBMA using the experience developed by the joint venture.

3. Uninsured Contractors

The experience of an uninsured contractor is included in the experience of the principal contractor or the principal owner.

Rule 6 – Merit Rating & All Risk Adjustment (ARAP) Programs

A. Merit Rating

The *MA Experience Rating Plan Manual* rules apply to the Merit Rating Program, subject to the following:

1. **Purpose**

   The object of the Merit Rating Program is to provide a revised pricing mechanism for risks too small to qualify for experience rating to share in the loss experience they generate.

2. **Eligibility**

   A risk is eligible for the Merit Rating Program if it has an average subject premium over the last three policy years of $500 or more, unless the risk is eligible for experience rating on either an intrastate or interstate basis.

3. **Application**

   The Merit Rating Program Adjustment, expressed as a debit or credit factor, is applied to the subject premium. The resulting premium, if a debit or credit, is added to or subtracted from the subject premium. This becomes the standard premium. Merit Rating Program Adjustment factors will appear on all Merit Rating worksheets when applicable.

   The Merit Rating Program does not apply to an interstate rated risk with Massachusetts exposure. If the risk is eligible for interstate experience rating, an interstate experience modification that includes Massachusetts experience will be issued.

4. **Merit Rating Adjustment**

   The merit rating credits and debits, which are based on lost-time claims (i.e., claims reported with incurred indemnity) that occurred during the experience period, are as follows:

Number of Lost-Time Claims	Merit Rating Adjustment
0	5% credit
1	No credit or debit
2 or more	5% debit

   Exception: All claims reported with Catastrophe Number 12 are excluded from merit rating.

B. All Risk Adjustment Program (ARAP)

The *MA Experience Rating Plan Manual* rules apply to the All Risk Adjustment Program (ARAP), subject to the following:

1. **Purpose**

   The object of the ARAP is to provide a revised pricing mechanism for experience rated risks to share the underwriting losses they generate.

2. **Eligibility**

A risk is eligible for the ARAP if it is eligible for intrastate or interstate experience rating, and the "R" value for the insured is greater than 1.0 as shown in 4-c.

3. Application

The ARAP surcharge factor, expressed as a debit factor, is calculated following calculation of the experience rating modification and appears on the experience rating worksheet when applicable. This surcharge factor is applied to standard premium after experience rating to surcharge risks with a greater record of losses than expected under the experience rating plan.

Experience rated risks with multistate operations are subject to the ARAP for that portion of the risk in Massachusetts. The ARAP surcharge is:

- Calculated using Massachusetts losses and expected losses, and
- Applied to the Massachusetts portion of the risks

4. Calculation

The ARAP surcharge factor for eligible risks is determined as follows:

a. After the calculation of the experience modification factor (M) for a particular risk, the weighted test ratio (R) is calculated.

b. To determine whether the "R" value for the insured is greater than 1.0, the following information is needed from the experience rating calculation using Massachusetts data only:

W = Weighting value, calculated on an intrastate basis
A = Actual incurred losses, as limited on a per accident basis
Ap = Actual primary losses
E = Total expected losses
Ep = Expected primary losses
M = Normal experience rating modification, calculated on an intrastate basis

c. To determine the "R" value (weighted test ratio), the numbers derived from a. above are inserted into the formula:

$$R = \frac{((0.5 - 0.5W) \times Ap)}{(M \times Ep)} + \frac{((0.5 + 0.5W) \times A)}{(M \times E)}$$

d. To determine the surcharge factor (called S) for qualified risks, the following formula is used:

$$S = 1 + \left[\frac{(.08 \times E \times ((R - 1)^{1.25}))}{(E + 3)^{0.5}} \right]$$

In the calculation for S, E (Total expected losses) is divided by one thousand and may not exceed 40, while R may not exceed 2.0.

e. The surcharge factor is limited to a maximum of 1.25

Effective July 1, 2024

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
0005	0.92	.19	2115	1.89	.17	3041	0.90	.17	3634	0.63	.17	4439	1.79	.18
0008	0.74	.17	2121	0.42	.17	3042	0.91	.16	3635	0.58	.18	4452	1.10	.17
0016	1.32	.17	2130	0.54	.17	3066	0.83	.17	3638	0.58	.17	4459	0.86	.17
0034	0.95	.17	2131	1.24	.18	3076	1.04	.17	3642	0.47	.17	4470	0.65	.17
0035	0.60	.17	2143	0.81	.16	3081D	1.30	.17	3643	0.72	.16	4484	0.83	.17
0036	0.95	.17	2150	1.37	.18	3082D	1.30	.17	3647	0.72	.17	4493	0.73	.17
0042	1.17	.18	2156	1.07	.17	3085D	1.26	.17	3648	0.36	.17	4511	0.09	.17
0046	0.95	.18	2157	1.57	.16	3110	2.01	.16	3681	0.21	.16	4512	0.03	.17
0050	1.72	.18	2172	0.65	.17	3111	0.82	.17	3685	0.20	.17	4557	0.74	.16
0059D	.	.	2211	1.93	.17	3113	0.60	.17	3724	1.37	.17	4558	0.78	.17
0065D	.	.	2220	1.22	.17	3114	0.82	.18	3726	1.18	.17	4583	1.10	.17
0066D	.	.	2260	1.66	.16	3118	0.54	.18	3807	0.87	.17	4611	0.25	.17
0067D	.	.	2288	1.38	.17	3119	0.33	.17	3808	1.00	.17	4635	1.50	.18
0079	0.84	.17	2305	0.79	.17	3120	0.45	.16	3821	1.51	.17	4653	0.84	.17
0083	1.18	.17	2362	0.85	.17	3122	0.74	.17	3826	1.31	.17	4665	3.92	.18
0106	2.72	.18	2380	0.66	.18	3127	0.68	.17	3830	0.54	.17	4692	0.18	.17
0113	0.95	.17	2402	0.71	.17	3131	0.50	.18	3841	0.70	.17	4693	0.26	.17
0170	0.95	.17	2413	0.86	.17	3132	0.72	.17	4000	1.96	.17	4720	0.76	.17
0771	.	.	2416	1.18	.17	3145	0.46	.17	4021	1.03	.17	4740	0.26	.17
0908	36.24	.17	2417	0.48	.16	3146	0.84	.17	4024	1.07	.17	4741	1.20	.16
0909	101.54	.18	2501	0.68	.17	3169	0.84	.17	4034	2.63	.17	4771	1.03	.16
0912	203.07	.18	2503	0.38	.18	3179	0.44	.17	4036	0.67	.17	4777	1.10	.17
0913	72.49	.17	2570	1.45	.16	3180	0.86	.17	4038	0.80	.17	4825	0.15	.17
0917	0.89	.17	2576	0.74	.17	3188	0.70	.17	4053	1.16	.15	4828	0.38	.17
0918	0.15	.16	2585	1.14	.17	3200	0.84	.17	4062	0.77	.17	4829	0.38	.17
1430	1.12	.17	2586	0.71	.17	3220	0.71	.17	4112	0.10	.17	4902	0.55	.17
1438	1.13	.17	2587	0.82	.16	3223	(a)	(a)	4113	1.16	.15	4923	0.26	.17
1463	3.45	.18	2623	1.26	.17	3255	0.66	.17	4114	1.22	.17	5020	1.76	.16
1624D	1.40	.17	2651	0.47	.17	3257	0.93	.18	4130	1.67	.17	5022	2.70	.17
1655	1.02	.16	2660	0.61	.17	3270	0.57	.18	4133	0.74	.17	5037	3.73	.16
1701	1.12	.16	2683	0.70	.17	3300	1.25	.18	4150	0.24	.17	5040	7.18	.16
1710D	1.42	.17	2688	0.70	.17	3305	(a)	(a)	4239	1.08	.17	5057	4.63	.18
1747	0.86	.16	2702	6.10	.18	3315	1.09	.17	4243	0.82	.17	5059	7.22	.18
1748	1.10	.17	2710	2.35	.18	3336	0.81	.17	4244	1.12	.18	5102	2.21	.17
1853	0.52	.18	2731	1.09	.17	3365	1.44	.18	4250	0.91	.17	5146	2.10	.17
1924	1.20	.17	2747	1.98	.17	3372	0.73	.17	4251	1.11	.16	5160	1.26	.16
1925	1.62	.20	2790	0.73	.17	3373	1.33	.17	4273	0.91	.17	5183	1.09	.17
2003	1.11	.17	2802	1.17	.17	3381	0.57	.17	4279	0.84	.17	5188	1.22	.16
2014	1.29	.17	2835	0.74	.17	3383	0.47	.17	4283	0.81	.16	5190	0.72	.17
2021	0.96	.17	2836	0.89	.16	3385	0.33	.18	4299	0.61	.17	5191	0.25	.17
2039	1.65	.17	2841	1.07	.18	3400	0.81	.17	4304	2.24	.18	5192	1.17	.17
2041	0.85	.16	2883	1.00	.17	3507	1.04	.17	4307	0.46	.17	5213	2.96	.17
2070	1.26	.16	2923	0.43	.17	3515	0.78	.17	4308	0.78	.14	5215	1.87	.16
2081	1.24	.18	2942	0.57	.17	3558	0.24	.18	4351	0.32	.17	5221	2.27	.17
2089	0.91	.17	3018	0.79	.17	3571	0.21	.17	4352	0.32	.17	5222	2.76	.16
2095	1.15	.17	3022	1.25	.18	3574	0.58	.17	4360	0.27	.17	5223	1.20	.17
2101	0.94	.17	3027	0.81	.17	3612	0.53	.17	4361	0.22	.17	5348	1.39	.16
2105	(a)	(a)	3028	1.20	.17	3620	0.97	.17	4362	0.16	.17	5402	2.14	.16
2111	0.78	.17	3030	1.76	.17	3629	0.58	.17	4410	0.85	.17	5403	2.33	.17
2114	0.94	.17	3040	1.99	.17	3632	0.54	.17	4432	0.37	.17	5437	1.22	.17

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

D Supplement Disease Loading.

Effective July 1, 2024

TABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO	CLASS CODE	EXP LOSS RATE	DISC RATIO
5443	1.00	.17	7016M	1.12	.79	7704	1.41	.18	8719	0.69	.17	9179	15.98	.21
5445	1.91	.16	7024M	1.40	.79	7720	0.57	.17	8720	0.28	.17	9180	1.35	.20
5462	2.22	.17	7038M	2.12	.76	7855	1.52	.17	8721	0.06	.17	9182	0.90	.19
5472	2.48	.17	7046M	3.02	.58	8001	0.66	.18	8726F	1.55	.18	9186	1.34	.20
5473	3.89	.17	7047M	1.76	.69	8002	0.64	.19	8734M	0.21	.54	9220	1.19	.17
5474	1.55	.17	7050M	3.32	.67	8006	0.42	.17	8737M	0.17	.54	9402	1.42	.17
5478	1.45	.16	7090M	2.65	.76	8008	0.26	.17	8738M	0.26	.53	9403	4.18	.17
5479	1.80	.17	7098M	3.55	.58	8010	0.52	.17	8742	0.03	.18	9410	1.12	.17
5480	1.64	.17	7099M	4.45	.51	8013	0.10	.19	8745	1.68	.17	9501	0.68	.17
5506	1.58	.17	7133	(a)	(a)	8017	0.35	.17	8747	0.28	.16	9505	0.68	.17
5507	1.43	.17	7151M	3.96	.52	8018	1.38	.17	8748	0.17	.17	9519	0.91	.17
5508D	1.65	.18	7152M	6.22	.52	8021	1.17	.17	8800	0.41	.17	9521	1.25	.17
5509	1.91	.19	7153M	4.96	.52	8031	0.61	.18	8803	0.01	.17	9522	0.68	.16
5538	1.35	.17	7219	2.48	.17	8032	0.46	.17	8805M	0.09	.60	9533	6.40	.16
5545	15.06	.18	7230	3.32	.17	8033	0.59	.18	8810	0.02	.18	9534	1.84	.17
5547	3.17	.17	7231	3.98	.16	8034	1.21	.16	8814M	0.07	.60	9549	1.26	.16
5606	0.39	.17	7309F	4.07	.18	8039	0.70	.18	8815M	0.11	.59	9552	1.70	.17
5610	2.17	.16	7313F	5.61	.16	8044	0.94	.17	8820	0.02	.17	9586	0.12	.17
5645	2.23	.18	7317F	4.67	.17	8046	0.84	.18	8824	0.81	.17	9620	0.32	.18
5701	4.02	.17	7327F	6.89	.17	8048	0.88	.17	8826	0.63	.17			
5703	2.29	.17	7333M	4.51	.70	8058	0.85	.18	8829	0.94	.16			
5705	3.62	.17	7335M	5.30	.70	8103	0.91	.17	8831	0.31	.20			
6003	1.83	.16	7337M	6.65	.61	8105	4.12	.16	8832	0.10	.17			
6005	1.65	.18	7350F	5.71	.16	8106	1.36	.18	8833	0.40	.16			
6204	2.04	.16	7360	1.47	.17	8107	0.76	.17	8835	0.63	.16			
6217	1.44	.16	7370	1.57	.17	8111	0.93	.17	8837	(a)	(a)			
6229	1.44	.17	7380	2.54	.17	8203	1.70	.17	8868	0.31	.17			
6233	0.60	.16	7382	1.35	.17	8204	1.31	.17	8901	0.02	.18			
6251D	1.20	.16	7394M	5.80	.84	8215	1.07	.18	9014	0.79	.17			
6252D	1.43	.17	7395M	7.41	.84	8227	1.77	.18	9015	1.00	.17			
6306	2.70	.16	7398M	9.29	.74	8232	1.58	.17	9016	0.59	.19			
6319	0.84	.17	7403	1.19	.17	8233	2.05	.17	9019	1.08	.17			
6325	0.91	.17	7405	0.52	.16	8235	1.46	.17	9033	0.98	.17			
6400	1.42	.17	7420	4.32	.18	8263	1.49	.17	9040	1.05	.17			
6504	0.94	.17	7421	0.32	.15	8264	1.48	.17	9044	0.56	.18			
6702M	(a)	(a)	7422	0.32	.15	8265	2.02	.17	9052	0.60	.17			
6703M	(a)	(a)	7425	1.01	.17	8279	1.44	.19	9058	0.60	.17			
6704M	(a)	(a)	7431	0.32	.15	8291	1.44	.18	9060	0.35	.18			
6801F	1.91	.17	7445	.	.	8292	1.34	.18	9061	0.35	.17			
6811	1.72	.17	7453	.	.	8293	2.24	.18	9062	0.31	.17			
6824F	2.33	.19	7502	0.68	.16	8350	2.45	.17	9063	0.20	.18			
6826F	1.53	.17	7515	0.79	.19	8380	0.88	.17	9077F	2.60	.21			
6834	0.80	.18	7520	1.02	.17	8381	0.36	.17	9079	0.35	.17			
6836	1.01	.18	7538	1.10	.17	8385	1.27	.17	9089	0.23	.17			
6843F	4.42	.17	7539	0.45	.17	8392	0.58	.17	9093	0.34	.18			
6854	3.97	.17	7580	0.93	.17	8393	0.50	.16	9101	1.37	.17			
6872F	4.10	.19	7590	1.88	.18	8500	2.05	.17	9102	1.00	.18			
6874F	5.40	.17	7600	1.48	.16	8601	0.06	.17	9154	0.73	.18			
6882	3.69	.19	7601	1.28	.17	8709F	1.57	.18	9156	0.69	.18			
6884	4.86	.17	7610	0.16	.16	8710	0.71	.17	9178	3.93	.22			

(a) Expected Loss Rates and Discount Ratios for each individual risk must be obtained by Home Office from the MA Bureau.

D Supplement Disease Loading.

F Expected Loss Rates and Discount Ratios for risks covered under the United States Longshore and Harbor Workers' Compensation Act.

M Expected Loss Rates and Discount Ratios for risks subject to Admiralty Law or Federal Employers Liability Act (FELA).

Effective July 1, 2022

TABLE OF WEIGHTING VALUES

EXPECTED LOSSES	WEIGHTING VALUES	EXPECTED LOSSES	WEIGHTING VALUES	EXPECTED LOSSES	WEIGHTING VALUES
0 - 2,931	0.04	829,408 - 894,882	0.24	3,418,995 - 3,696,438	0.44
2,932 - 11,851	0.05	894,883 - 963,836	0.25	3,696,439 - 4,005,844	0.45
11,852 - 20,962	0.06	963,837 - 1,036,559	0.26	4,005,845 - 4,353,074	0.46
20,963 - 86,018	0.07	1,036,560 - 1,113,376	0.27	4,353,075 - 4,745,517	0.47
86,019 - 125,216	0.08	1,113,377 - 1,194,645	0.28	4,745,518 - 5,192,622	0.48
125,217 - 162,596	0.09	1,194,646 - 1,280,770	0.29	5,192,623 - 5,706,665	0.49
162,597 - 200,061	0.10	1,280,771 - 1,372,202	0.30	5,706,666 - 6,303,899	0.50
200,062 - 238,261	0.11	1,372,203 - 1,469,451	0.31	6,303,900 - 7,006,299	0.51
238,262 - 277,532	0.12	1,469,452 - 1,573,094	0.32	7,006,300 - 7,844,326	0.52
277,533 - 318,093	0.13	1,573,095 - 1,683,786	0.33	7,844,327 - 8,861,466	0.53
318,094 - 360,117	0.14	1,683,787 - 1,802,272	0.34	8,861,467 - 10,122,016	0.54
360,118 - 403,757	0.15	1,802,273 - 1,929,410	0.35	10,122,017 - 11,725,231	0.55
403,758 - 449,157	0.16	1,929,411 - 2,066,185	0.36	11,725,232 - 13,832,817	0.56
449,158 - 496,463	0.17	2,066,186 - 2,213,738	0.37	13,832,818 - 16,727,225	0.57
496,464 - 545,823	0.18	2,213,739 - 2,373,398	0.38	16,727,226 - 20,950,201	0.58
545,824 - 597,396	0.19	2,373,399 - 2,546,720	0.39	20,950,202 - 27,688,977	0.59
597,397 - 651,350	0.20	2,546,721 - 2,735,538	0.40	27,688,978 - 40,145,480	0.60
651,351 - 707,868	0.21	2,735,539 - 2,942,030	0.41	40,145,481 - 70,958,899	0.61
707,869 - 767,148	0.22	2,942,031 - 3,168,801	0.42	70,958,900 - 274,327,342	0.62
767,149 - 829,407	0.23	3,168,802 - 3,418,994	0.43	274,327,343 - 999,999,999	0.63

(a)	G = Average Cost Per Claim for Losses Used in Exp Rating (Divided by 1000)	14
(b)	State Per Claim Accident Limitation	$ 350,000
(c)	State Multiple Claim Accident Limitation	$ 700,000
(d)	U.S. Longshore and Harbor Workers' Act Per Claim Accident Limitation	$ 130,000
(e)	U.S. Longshore and Harbor Workers' Act Multiple Claim Accident Limitation	$ 260,000
(f)	Employers Liability Per Claim Accident Limitation	$ 55,000
(g)	Primary/Excess Loss Split Point	$ 7,500
(h)	USL&HW Act—Expected Loss Factor—Non-F Classes	1.112 †
	(Multiply a Non-F classification ELR by the USL&HW Act – Expected Loss Factor of 1.112)	
(i)	Cap on Modifications = 1 + (0.00005) [(Expected Losses) + (2) (Expected Losses) / G]	

† The USL&H Act-Expected Loss Factor-Non-F Classes updated to reflect July 1, 2023 rate revision.

Effective July 1, 2022

TABLE OF BALLAST VALUES

EXPECTED LOSSES	BALLAST VALUES	EXPECTED LOSSES	BALLAST VALUES	EXPECTED LOSSES	BALLAST VALUES
0 - 68,696	35,000	1,726,975 - 1,776,919	210,000	3,475,984 - 3,525,970	385,000
68,697 - 104,903	40,000	1,776,920 - 1,826,867	215,000	3,525,971 - 3,575,956	390,000
104,904 - 146,890	45,000	1,826,868 - 1,876,818	220,000	3,575,957 - 3,625,943	395,000
146,891 - 191,997	50,000	1,876,819 - 1,926,771	225,000	3,625,944 - 3,675,930	400,000
191,998 - 238,797	55,000	1,926,772 - 1,976,726	230,000	3,675,931 - 3,725,918	405,000
238,798 - 286,573	60,000	1,976,727 - 2,026,684	235,000	3,725,919 - 3,775,906	410,000
286,574 - 334,949	65,000	2,026,685 - 2,076,643	240,000	3,775,907 - 3,825,894	415,000
334,950 - 383,716	70,000	2,076,644 - 2,126,605	245,000	3,825,895 - 3,875,882	420,000
383,717 - 432,750	75,000	2,126,606 - 2,176,568	250,000	3,875,883 - 3,925,871	425,000
432,751 - 481,974	80,000	2,176,569 - 2,226,533	255,000	3,925,872 - 3,975,860	430,000
481,975 - 531,338	85,000	2,226,534 - 2,276,500	260,000	3,975,861 - 4,025,849	435,000
531,339 - 580,807	90,000	2,276,501 - 2,326,468	265,000	4,025,850 - 4,075,839	440,000
580,808 - 630,358	95,000	2,326,469 - 2,376,437	270,000	4,075,840 - 4,125,829	445,000
630,359 - 679,972	100,000	2,376,438 - 2,426,407	275,000	4,125,830 - 4,175,819	450,000
679,973 - 729,638	105,000	2,426,408 - 2,476,379	280,000	4,175,820 - 4,225,809	455,000
729,639 - 779,346	110,000	2,476,380 - 2,526,352	285,000	4,225,810 - 4,275,800	460,000
779,347 - 829,088	115,000	2,526,353 - 2,576,326	290,000	4,275,801 - 4,325,791	465,000
829,089 - 878,859	120,000	2,576,327 - 2,626,301	295,000	4,325,792 - 4,375,782	470,000
878,860 - 928,654	125,000	2,626,302 - 2,676,276	300,000	4,375,783 - 4,425,773	475,000
928,655 - 978,470	130,000	2,676,277 - 2,726,253	305,000	4,425,774 - 4,475,764	480,000
978,471 - 1,028,304	135,000	2,726,254 - 2,776,231	310,000	4,475,765 - 4,525,756	485,000
1,028,305 - 1,078,152	140,000	2,776,232 - 2,826,209	315,000	4,525,757 - 4,575,748	490,000
1,078,153 - 1,128,014	145,000	2,826,210 - 2,876,188	320,000	4,575,749 - 4,625,739	495,000
1,128,015 - 1,177,887	150,000	2,876,189 - 2,926,168	325,000	4,625,740 - 4,675,732	500,000
1,177,888 - 1,227,771	155,000	2,926,169 - 2,976,148	330,000	4,675,733 - 4,725,724	505,000
1,227,772 - 1,277,664	160,000	2,976,149 - 3,026,129	335,000	4,725,725 - 4,775,716	510,000
1,277,665 - 1,327,564	165,000	3,026,130 - 3,076,111	340,000	4,775,717 - 4,825,709	515,000
1,327,565 - 1,377,472	170,000	3,076,112 - 3,126,093	345,000	4,825,710 - 4,875,702	520,000
1,377,473 - 1,427,386	175,000	3,126,094 - 3,176,076	350,000	4,875,703 - 4,925,694	525,000
1,427,387 - 1,477,306	180,000	3,176,077 - 3,226,059	355,000	4,925,695 - 4,975,687	530,000
1,477,307 - 1,527,231	185,000	3,226,060 - 3,276,043	360,000		
1,527,232 - 1,577,161	190,000	3,276,044 - 3,326,028	365,000		
1,577,162 - 1,627,095	195,000	3,326,029 - 3,376,013	370,000		
1,627,096 - 1,677,033	200,000	3,376,014 - 3,425,998	375,000		
1,677,034 - 1,726,974	205,000	3,425,999 - 3,475,983	380,000		

For Expected Losses (E) greater than $4,975,687, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$B = (0.1E + 2{,}500GE/(E + 700G))$$
$$G = 14$$

WCRIBMA
THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU OF MASSACHUSETTS

ERM FORM
REQUEST FOR OWNERSHIP INFORMATION

All workers' compensation policies issued to Massachusetts employers require employers to report any changes in ownership to the insurance company in writing within 90 days of the change. This form is used to report such ownership changes and other changes as shown below. The information reported on this form is CONFIDENTIAL and will be used to assist in calculating the related employers' experience ratings and resulting premiums.

Sections I to V must be answered completely and the form must be signed, otherwise it will be returned.

Section I. PURPOSE – Check only one. If more than one Purpose applies, complete a separate form for each Purpose/change.

☐ **NAME CHANGE** – The name of the entity has changed. Attach supporting legal documentation if applicable.

☐ **FORMATION OF A NEW ENTITY** THAT ACTS AS, OR IN EFFECT IS, A SUCCESSOR TO ANOTHER ENTITY THAT -

(Select one:) ☐ Has dissolved ☐ Is non-operative ☐ May continue to operate in a limited capacity

Provide the dates Entity 1 became inactive and Entity 2 became active in Section IV.

☐ **DETERMINATION OF COMBINABILITY** OF SEPARATE ENTITIES.

The experience of two or more entities may need to be combined or separated based on their ownership interest.

☐ **SALE OR TRANSFER OF OWNERSHIP INTEREST** – Complete or partial sale of the business entity's ownership interest.

☐ **SALE OR TRANSFER OF PHYSICAL ASSETS TO ANOTHER ENTITY** WHICH TAKES OVER ITS OPERATIONS.

Describe the following in Section II:

- The assets that were sold/transferred
- The locations that were sold/transferred
- The changes made to the operation, if any
- The percentage of seller's employees who will work for the buyer
- The involvement the seller will have in the business after the sale

☐ **MERGER OR CONSOLIDATION** – Two or more entities have merged or combined to form a single entity.

Attach a signed copy of the Agreement and/or Articles of Merger.

☐ **AN IRREVOCABLE TRUST OR RECEIVER** ESTABLISHED EITHER VOLUNTARILY OR BY COURT MANDATE -

A change has occurred in the business requiring the entity be put in a trust or receivership. Attach legal documentation.

EFFECTIVE DATE OF CHANGE: _____
(Required for all Purposes except Determination of Combinability)

Section II. NARRATIVE DESCRIPTION – Mandatory

Provide a description of the transaction being reported, and include the names of the entities involved.

Section III. SUBMITTER INFORMATION – Contact information for the person submitting the form.

Name _____ Title _____

Company _____ Relationship to Business Reporting Ownership Information _____

Phone Number _____ Email Address _____

Section IV. OWNERSHIP INFORMATION – Provide details below for each entity involved in the transaction described on page one. If additional space or columns are required, use additional forms and/or submit a signed letter on the employer's letterhead.

	ENTITY 1 Entity before the change or to determine combinability with another entity	**ENTITY 2** Entity after the change or to determine combinability with another entity	**ENTITY 3** Entity after the merger or to determine combinability with another entity
Name of Business			
Primary Location PO Boxes not acceptable			
FEIN (No SSNs)			
Insurance Co. Policy Number Policy Effective Date			
NCCI Risk ID No. If applicable			
Legal Status LLC, Sole Proprietorship, Partnership, Corporation, etc.			
Owners' Names & %s of Ownership * **Sole Proprietor** – Owner **Partnership** – Partners & %s of Ownership **Corporation** – Owners(s) & %s of Ownership **Limited Liability Company (LLC)** – Member(s) & %s of Ownership **Limited Partnership** – General Partner(s) & %s of Ownership **Other –** Board of Directors, Trustee, Receiver, or Comparable Governing Body	List Owners' Names & Ownership %s ☐ Voting shares reported*	List Owners' Names & Ownership %s ☐ Voting shares reported*	List Owners' Names & Ownership %s ☐ Voting shares reported*
Date Name/Ownership in Each Column Became Effective			
Active or Inactive? If inactive, provide the date of inactivity.			
For WCRIBMA use only			

** When the percentage of ownership differs from the percentage of voting shares, report the percentage of voting shares.*

Note: If any owners shown on this form have had current or prior ownership in any business not shown on this form, then complete a separate ERM Form for the purpose of determination of combinability of separate entities.

Section V. CERTIFICATION – By signing this ERM Form, I certify under the pains and penalties of perjury that:

- I am a legal owner or officer of one or more entities reporting information on this form, and
- All information provided on this form is complete and correct, and
- I understand that providing false information on this form may be a violation of Massachusetts General Law, Chapter 152, Section 14(3) and considered a material misrepresentation; therefore providing false information may result in the cancellation of workers' compensation coverage.

Signature Date

Title

Printed Name

Company

Phone Number

Email Address