

**MASSACHUSETTS CONSTRUCTION
CLASSIFICATION PREMIUM ADJUSTMENT
PROGRAM**

The Massachusetts Construction Classification Premium Adjustment Program provides for a premium credit for a qualifying policy which contains one or more construction classifications. Only policies subject to experience rating are eligible for the program.

“Construction classifications” are those classifications subject to the following code numbers:

3365	5215	5506	6217
3724	5221	5507	6229
3726	5222	5508	6233
5020	5223	5509	6251
5022	5348	5538	6252
5037	5402	5545	6306
5040	5403	5547	6319
5057	5437	5606	6325
5059	5443	5610	6400
5069	5445	5645	7538
5102	5462	5651	7601
5146	* 5472	5701	7855
5160	* 5473	5703	8227
5183	5474	5705	9014
5188	* 5478	6003	9529
5190	5479	6005	9534
5213	5480	6204	

Carriers are required to provide initial written notice, at policy inception or during the policy term, to any insured who has a policy with one or more of the construction classifications, that they may be eligible for a premium modification credit by sending them a “Workers’ Compensation Premium Credit Application” form. Refer to Exhibit 1 which illustrates a sample Application. Side One of the form on Page S-8 instructs the insured to complete and sign the application shown on the reverse side of the form, Side Two/Page S-9, and to return it to The Workers’ Compensation Rating and Inspection Bureau of Massachusetts. Upon its receipt of an insured’s properly completed application, the Bureau computes the premium credit factor, if applicable.

Carriers are required to use the approval form to notify all of their insureds who have one or more construction classifications on their policy that they may be eligible for

The basis for determining the credit is the total payroll (excluding overtime premium pay) and hours worked for each construction classification for the third calendar quarter of the year preceding the policy inception date as reported to taxing authorities. If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to the policy year inception shall be used, or if there was no complete quarter of operations prior to the policy inception then the first complete quarter after the policy inception shall be used. A credit may be determined for each construction classification by dividing the total payroll, excluding overtime premium pay, by the number of hours worked to arrive at the average hourly wage for the classification. In the absence of specific records for salaried employees, it will be assumed each such individual worked forty (40) hours per week. The credit for average hourly wage is listed below:

Average Hourly Wage	Credit From Manual Premium
\$17.99 or less	0%
\$18.00 - \$18.50	5%
\$18.51 - \$19.00	6%
\$19.01 - \$19.50	7%
\$19.51 - \$20.00	8%
\$20.01 - \$20.50	9%
\$20.51 - \$21.00	10%
\$21.01 - \$21.50	11%
\$21.51 - \$22.00	12%
\$22.01 - \$22.50	13%
\$22.51 - \$23.00	14%
\$23.01 - \$23.50	15%
\$23.51 - \$24.00	16%
\$24.01 - \$24.50	17%
\$24.51 - \$25.00	18%
\$25.01 - \$25.50	19%
\$25.51 - \$26.00	20%
\$26.01 - \$26.50	21%
\$26.51 - \$27.00	22%
\$27.01 - \$27.50	23%
\$27.51 - \$28.00	24%
\$28.01 - and over	25%

The total construction classification credit amount in dollars, must be calculated and then divided by the total policy premium at manual rates - including construction and non-construction classifications. The result would be the percentage credit which is to be applied to the qualifying policy. When calculating the total policy credit,

the percentage shall be rounded to two decimal places. (As an example, .1547 rounded to .15 and .1551 rounded to .16.)

The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to The Workers' Compensation Rating and Inspection Bureau of Massachusetts for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

If the insured has not submitted a completed application for credit prior to policy audit, the auditor will request the insured to sign an "Acknowledgment of Receipt of Notice Form" with the understanding that a completed and signed original application must be submitted to the Bureau before the completion of the audit of the affected policy. *Refer to Exhibit 2 on Page S-10.* In any event, the completed and signed application must be received by the Bureau within six months of the expiration date of the affected policy, or within one month of the time the insured received written notice of the Program, whichever is later.

The Bureau will obtain additional inputs from the Experience Rating Plan Calculation Worksheet to administer offsets required to calculate the policy credit factor.

The credit authorized by The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall appear on Item 4. of the Information Page of the policy. The policy credit factor is to be applied to the premium determination process directly after the application of experience modification and prior to any deviation and premium discount. If the credit is not available at the time of policy issuance, the carrier shall endorse the policy by use of Massachusetts Construction Classification Premium Adjustment Endorsement (WC 20 04 03) to provide this credit information.

RESERVED FOR FUTURE USE

(Name of Insured)
(Address)
(Town/City, State, Zip Code)

PART ONE
SPECIAL PROGRAMS
EXHIBIT 1
Side One
Page S-8

MASSACHUSETTS CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
WORKERS' COMPENSATION PREMIUM CREDIT APPLICATION

The Massachusetts Construction Classification Premium Adjustment Program has been proposed for employers engaged in construction operations and is applicable to policies eligible for experience rating.

A special premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of construction operations. In order that your premium may be correctly established, please return the completed premium credit application, as shown on the reverse side of this letter to: **The Workers' Compensation Rating and Inspection Bureau of Massachusetts, P. O. Box 9005, Boston, Massachusetts 02205, Attention: Underwriting Department**

They will advise us of any premium credit applicable.

IMPORTANT: *Initial written notice of possible credit under this Program is given to you at policy inception or during the policy term. If you have not already submitted an application for credit prior to policy audit, you will be requested to sign a form acknowledging receipt of notice and, at the same time, requested to indicate whether you will apply for a credit. If you apply for a credit, you must submit a completed and signed application to the Bureau before the completion of the audit of the affected policy. In any event, the completed and signed application must be received by the Bureau within six months of the expiration date of the affected policy, or within one month of the time you receive written notice of the Program, whichever is later.*

For each applicable classification (both construction and non-construction) covering your company's operations in the State of Massachusetts, report the total Massachusetts payroll (excluding overtime premium pay) and the corresponding total number of hours worked for the third calendar quarter (July, August, September) as reported to taxing authorities.

Note #1: If you did not engage in construction operations during the most recent third calendar quarter, the requested information to be provided should then be for the last complete calendar quarter prior to the effective date of your workers' compensation policy.

Note #2: If you are a new business (no prior operations), or an existing business engaged in construction operations for the first time, submit the requested information for the first complete calendar quarter following the effective date of your workers' compensation policy when available.

Note #3: In the absence of specific records for salaried employers, you should assume that each individual worked forty (40) hours per week.

Please preserve your payroll records which formed the basis for this declaration as we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

Turn Page Over for Premium Credit Application

**WORKERS' COMPENSATION
 MASSACHUSETTS CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT
 PROGRAM APPLICATION**

Insured: Sample Construction Co., Inc.

Federal Employers ID No.: _____

Address _____

City _____ State _____ Zip _____

Policy No. WC12345 Effective Date 2/1/97 Carrier Abacus Ins. Co.

Issuing Office Boston

Notice: Unless code(s), total wages paid, total hours worked, calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent if assistance is desired.

CLASSIFICATION(S)	CODE	TOTAL MASSACHUSETTS WAGES PAID ¹	TOTAL HOURS WORKED
Concrete Construction	5213	\$46,176	2080
Carpentry	5403	32,339	1560
Excavation	6217	23,639	1040
Contractors Yard	8227	16,640	1040
Executive Supervisor	5606	13,000	520
Salesmen	8742	45,000	1560
Clerical	8810	19,500	2600

The foregoing is based on actual wages and hours worked, as reflected in our payroll records, for the complete calendar quarter ending 9/30/96.

Signature _____ Position _____ Date _____

¹ Excluding overtime premium pay.

IMPORTANT NOTICE

PLEASE READ CAREFULLY

**THIS NOTICE FORM AND THE APPLICATION MUST
BE RETURNED BEFORE YOUR AUDIT CAN BE PROCESSED**

**MASSACHUSETTS CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM**

ACKNOWLEDGMENT OF RECEIPT OF NOTICE FORM

I, the undersigned, acknowledge receipt of Massachusetts Workers' Compensation Premium Credit Application.

I understand that in order to receive a credit under this Program, I must submit a complete and signed original application, which must be received within the time frame stated in the application, to:

**The Workers' Compensation Rating and Inspection Bureau of
Massachusetts
P.O. Box 9005
Boston, Massachusetts 02205
Attention: Underwriting Department**

Signature and Title
(Corporate Officer,
General Partner, or
Sole Proprietor)

Employers' Name

Retain a copy of this form in your file