

Exhibit II

**MASSACHUSETTS WORKERS COMPENSATION
AND EMPLOYERS LIABILITY INSURANCE MANUAL**

**PART ONE
SPECIAL PROGRAMS**

1st Reprint

Effective April 1, 2014

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MASSACHUSETTS CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

The Massachusetts Construction Classification Premium Adjustment Program allows for a premium credit to be applied to any experience rated Insured with an average hourly wage of at least \$30.00 for one or more of the following construction classifications.

Eligible Construction Classifications

3365	5160	5437	5508	6003	7538
3724	5183	5443	5509	6005	7601
3726	5188	5445	5538	6204	7855
5020	5190	5462	5545	6217	8227
5022	5213	5472	5547	6229	9014
5037	5215	5473	5606	6233	9533
5040	5221	5474	5610	6251	9534
5057	5222	5478	5645	6252	
5059	5223	5479	5651	6306	
5069	5348	5480	5701	6319	
5102	5402	5506	5703	6325	
5146	5403	5507	5705	6400	

Carriers are required to provide notice, at policy inception or during the policy term, to any insured that has a policy with one or more of the eligible construction classifications 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-11 instructs the insured to complete and sign the application shown on the reverse side of the form, Side Two/Page S-12, and to submit it to the MA Bureau.

For all classifications listed on the policy, the application requests total Massachusetts payroll (excluding overtime premium pay) and hours worked by classification. In the absence of specific records for salaried employees, assume each such individual worked forty (40) hours per week.

Payroll and hours worked should be reported for the third calendar quarter (July, August, September) preceding the policy inception date. However, if the Insured did not engage in operations for the reported third quarter, then the last complete quarter prior to the year the policy takes effect shall be used. A credit will 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.

Upon receipt of an insured's properly completed application, the MA Bureau computes the premium credit factor, if applicable. The credit for average hourly wage is listed below:

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Average Hourly Wage		Manual Premium Credit %	Average Hourly Wage		Manual Premium Credit %
\$29.99	or less	0%	\$35.00	- \$35.49	15%
\$30.00	- \$30.49	5%	\$35.50	- \$35.99	16%
\$30.50	- \$30.99	6%	\$36.00	- \$36.49	17%
\$31.00	- \$31.49	7%	\$36.50	- \$36.99	18%
\$31.50	- \$31.99	8%	\$37.00	- \$37.49	19%
\$32.00	- \$32.49	9%	\$37.50	- \$37.99	20%
\$32.50	- \$32.99	10%	\$38.00	- \$38.49	21%
\$33.00	- \$33.49	11%	\$38.50	- \$38.99	22%
\$33.50	- \$33.99	12%	\$39.00	- \$39.49	23%
\$34.00	- \$34.49	13%	\$39.50	- \$39.99	24%
\$34.50	- \$34.99	14%	\$40.00	and over	25%

The total construction classification credit amount in dollars must be calculated and then divided by the total policy manual premium for all (construction and non-construction) classifications. The MA Bureau will obtain additional inputs from the Experience Rating Plan Calculation Worksheet to administer offsets required to calculate the policy credit factor. 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, revised information must be submitted to the MA Bureau 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's premium audit, the auditor will request that the insured sign an "Acknowledgment of Receipt of Notice Form" with the understanding that a completed and signed original application must be submitted to the MA Bureau before the completion of the premium audit of the affected policy. Refer to Exhibit 2 on Page S-13. In any event, the completed and signed application must be received by the MA Bureau within six months of the expiration date of the affected policy, or within one month of the time the insured received notice of the Massachusetts Construction Classification Premium Adjustment Program, whichever is later.

The credit authorized by the MA Bureau shall appear on Item 4. of the Information Page of the policy. The policy credit factor is to be applied in the premium determination process directly after the application of an experience modification. The premium adjustment is included in Standard Premium. Refer to Appendix E - Voluntary Market Premium Algorithm and Appendix F - Residual Market Premium Algorithm. 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 initial notification of the Massachusetts Construction Classification Premium Adjustment Program.