2.55.327A CONSTRUCTION INDUSTRY PREMIUM CREDIT PROGRAM

(1) The State Fund shall each fiscal year offer a program which provides a premium credit to insureds in the construction industry who pay their workers wages equal to or in excess of 1.168 times the state's average weekly wage.

(2) To become eligible for the program, the insured must meet all of the following criteria:

(a) maintain accurate individual employee records of the total hours worked and payroll by class code and make those records available for verification and audit;

(i) If a payroll audit period includes all or a portion of a policy year to which a construction credit applies, the survey period will also be audited to determine the proper credit for the payroll audit period even though the survey period may be more than three years prior.

(ii) If the verification or audit reveals hourly records are not available, the insured is disqualified from the program.

(iii) If the insured fails to make the records available within a reasonable period of time after contact, the insured is disqualified from the program.

(iv) If the application of the insured was originally disapproved based on criteria (2)(c) or (2)(d) but otherwise qualified and a subsequent verification or audit results in adjustments which determine the insured actually met those criteria, a credit will be applied retroactively.

(b) apply for the premium credit program and submit the completed and signed application form to State Fund no later than seven calendar days after the stated due date on the application form;

(c) have paid an average hourly wage equal to or in excess of 1.168 times the state's average weekly wage as published by the Department of Labor and Industry for each fiscal year; and

(d) have at least 50% of the manual premium during the survey period attributable to one or more of the eligible construction class codes.

(3) The following class codes are the construction codes eligible for the construction industry premium credit program:

2799	5057	5213	5443	5491	5645	6217	6400
3365	5059	5215	5445	5506	5703	6229	7538

3719	5069	5221	5462	5507	5705	6233	7605
3724	5102	5222	5472	5508	6003	6251	7855
3726	5146	5223	5473	5511	6005	6252	8227
5020	5160	5348	5474	5535	6017	6306	9521
5022	5183	5402	5478	5537	6018	6319	9534
5037	5188	5403	5479	5551	6045	6325	9552
5040	5190	5437	5480	5610	6204	6365	

(4) The following credit percentages, are to be applied to the manual premium of the insured's construction class codes during the survey period to determine the premium credit factor for policies with effective dates between:

(a) July 1, 2000 and June 30, 2001 inclusive:

Average Hourly Wage	Credit Percentage
$ 12.40 or less	0%
12.41- 13.43	2%
13.44 - 14.46	3%
14.47 - 15.49	4%
15.50 - 16.52	5%
16.53 - 17.55	6%
17.56 - 18.58	8%
18.59 - 19.61	10%
19.62 - 20.64	12%
20.65 - 21.67	14%
21.68 - 22.70	16%
22.71 - 23.73	18%
23.74 - 24.76	20%
24.77 and above	22%

(b) July 1, 2001 and June 30, 2002 inclusive:

Average Hourly Wage	Credit Percentage
$ 12.80 or less	0%
12.81 - 13.86	2%
13.87 - 14.93	3%
14.94 - 15.99	4%
16.00 - 17.05	5%
17.06 - 18.12	6%

18.13 - 19.18	8%
19.19 - 20.24	10%
20.25 - 21.31	12%
21.32 - 22.37	14%
22.38 - 23.43	16%
23.44 - 24.50	18%
24.51 - 25.56	20%
25.57 and above	22%

(c) The credit percentages for policies with effective dates between each July 1 and June 30, beginning July 1, 2002, will be those filed with the Commissioner of Insurance by the designated advisory organization as provided for both the State Fund and Compensation Plan Number Two under 39-71-2211, MCA, or as approved by the board.

(5) Procedures and processes for the premium credit program are:

(a) The State Fund will provide an application form to insureds who are assigned one or more of the construction codes listed in (3);

(b) The insured must sign the application, report total payroll and hours worked by class code (both construction and nonconstruction) for the survey period and return the form by the stated due date. Following are the only allowed exceptions to reporting total payroll and/or actual hours worked:

(i) The premium portion of overtime wages must be excluded.

(ii) In the absence of specific hourly records for salaried employees, the insured must report total payroll and an assumed 40 hours per week.

(iii) In the absence of specific hourly records for covered corporate officers, or managers of a limited liability company, the insured must report total payroll, subject to the officer minimum and maximum payroll reporting requirements in effect for the survey period, and an assumed 40 hours per week.

(iv) If specific hourly records are maintained for covered corporate officers, or managers of a limited liability company the insured must report those hours and total payroll, subject to the officer minimum and maximum payroll reporting requirements in effect for the survey period.

(v) Covered owners must report an assumed 40 hours per week and payroll (wages) equal to their elected coverage level in effect for the survey period.

(c) The State Fund will determine whether the insured meets the criteria, approve or disapprove the application and notify the insured of approval or disapproval;

(i) If approved, the notice will include the premium credit factor.

(ii) If disapproved the notice will specify the reason(s) for disapproval.

(d) The State Fund will calculate the premium credit factor of each insured based on the information reported for the survey period. The State Fund reserves the right to verify or audit the records of the insured before and/or after the premium credit factor is calculated to verify the information submitted and to adjust the premium credit factor accordingly if necessary;

(e) The premium credit factor will be calculated as follows using the information for the survey period provided by the insured or as adjusted by verification or audit:

(i) The average hourly wage will be calculated for each of the construction and nonconstruction class codes by dividing payroll by the number of hours worked.

(ii) The manual premium will be calculated for each construction and nonconstruction class code by multiplying the payroll, divided by 100, times the manual class code rate in effect for the insured during the survey period.

(iii) The manual premium for each construction class code will be multiplied by the appropriate credit percentage to determine the construction credit dollar amount and these amounts will be totaled for the survey period.

(iv) The total of the construction credit dollar amounts will be divided by total manual premium and the result will be subtracted from 1.0000 to arrive at the premium credit factor.

(6) The following definitions apply to the construction industry premium credit program:

(a) "Policy year" means the period beginning on the effective date of the policy and ending on the expiration date of the policy.

(b) "Premium credit factor" means the factor as calculated in (5)(e). This factor will be applied to the insured's total standard premium for that policy year.

(c) "Survey period" means the third calendar quarter, July 1 through September 30, preceding the program year to which the premium credit factor will apply. Program year as used in this rule means July 1 through June 30. If the insured did not engage in operations for the complete usual survey period (July 1 through September 30), then the last complete quarter prior to the policy effective date shall be used or if there was no complete quarter of operations prior to the policy effective date, the first complete quarter after the policy effective date shall be used.

Authorizing statute(s): 39-71-2315, 39-71-2316, MCA

Implementing statute(s): 39-71-2211, 39-71-2311, 39-71-2316, 39-71-2330, MCA

History: NEW, 2000 MAR p. 1033, Eff. 4/28/00; AMD, 2001 MAR p. 657, Eff. 4/27/01; AMD, 2002 MAR p. 164, Eff. 2/1/02; AMD, 2002 MAR p. 3558, Eff. 12/27/02; AMD, 2009 MAR p. 140, Eff. 2/13/09; AMD, 2012 MAR p. 394, Eff. 2/24/12; AMD, 2013 MAR p. 211, Eff. 2/15/13; AMD, 2014 MAR p. 1080, Eff. 5/23/14.