



TOKIO MARINE
AMERICA

IMPORTANT NOTICE TO WORKERS' COMPENSATION POLICYHOLDERS

The Workers' Compensation and Employers' Liability Insurance Policy has been prepared so as to incorporate by reference the manual provisions governing the computation of premium for this form of insurance. The following summary of these provisions will acquaint you with the manner in which the premium for your workers' compensation insurance is determined. This is informative only and does not affect the insurance afforded by your policy.

I BASIS OF PREMIUM

The basis of premium is the entire remuneration, whether in money or a substitute for money, for services rendered by an employee.

The insured shall maintain records of the information necessary for premium computation on the basis stated on the policy Information Page.

The entire remuneration shall be used as the basis of premium and shall include commissions, bonuses, extra wages for all overtime work, wages for holidays, vacations or sickness periods and payment to employees made on any basis other than that of time actually engaged in work, including but not limited to piece work, incentive plans of profit sharing arrangements. Remuneration shall not include contributions made by the employer to a group insurance or pension plan or special rewards for individual inventions or discoveries.

Whenever employees are recompensed in whole or in part by the value of rent or housing, or by store certificates, merchandise, credits, or any other substitute for money, such form of payment shall be considered as remuneration.

II BOARD OR LODGING

Where board or lodging constitutes part of the employee's earnings and the values of such items to be used in the determination of compensation benefits for any industry have been established by a State or Federal workers' compensation authority, such values shall be included with the actual wages as remuneration. When the values have not been so established, then minimum authorized values shall be included with wages to represent the monetary value of board or lodging.

III EXTRA REMUNERATION EARNED FOR OVERTIME

1. "Overtime" shall mean those hours worked for which there is an increase in the rate of pay,
 - (a) for work in any day or in any week in excess of the number of hours normally worked, but in any event for hours worked in excess of eight hours in any day or forty hours in any week, or
 - (b) for work performed on Saturdays, Sundays or holidays. Provided, however, that in the case of guaranteed wage agreements under which the employee receives a guaranteed wage for actually working any number of hours up to a specified number of hours per week, "Overtime" shall include only those hours worked in excess of such specified number.
2. If the employer's books and records are maintained so as to show separately, by employee and by class of work,
 - (a) the extra remuneration earned for overtime in excess of the remuneration which would have been earned for such overtime had the regular rate of pay applied, or
 - (b) the total remuneration for overtime for those hours worked at increased rates of pay, the remuneration upon which the premium for the policy is based shall exclude respectively,
 - (i) all of the remuneration in (a) above, or

(ii) one-third of the remuneration shown in (b) or where double time is paid for overtime and the remuneration therefore is shown separately, one-half of the remuneration at double time.

Overtime remuneration does not include extra pay for swing or graveyard shifts: for working certain hours on the clock; or incentive or bonus pay figured on volume without regard to hours worked.

Not applicable in Delaware, Pennsylvania or Utah.

These provisions do not apply to stevedoring operations.

IV PAYROLL LIMITATION

Payroll limitation applies to the remuneration of executive officers and, in some instances, to the remuneration of athletic teams and musicians and entertainers in theatres, restaurants, clubs and hotels. Consult with your agent on these exceptions.

V CONTRACTORS

You may be responsible for injuries, including death resulting therefrom, sustained by employees of contractors performing work for you unless the contractors provide workers' compensation insurance for their employees. It is therefore, necessary that each contractor furnish you with a certificate of insurance to demonstrate his compliance with the workers' compensation law. This certificate must be exhibited to the company auditor when your books are audited. Should you fail to do so, you will be charged for the contractors insurance. The contract price shall, for premium purposes, be considered as the remuneration if the actual remuneration of the contractor's employees cannot be ascertained. You may also be liable to the contractor himself, if he is an individual and your agreement with him permits you to control his activities. It is, therefore, incumbent upon you to establish by evidence satisfactory to the company, that the contractor is independent and entirely free of your control or it may be necessary to charge premium as though he was your employee.

VI GRATUITIES

In Pennsylvania, in employments in which employees customarily receive not less than one-third of their remuneration in tips or gratuities not paid by the employer, such tips or gratuities shall be added to the wages actually received subject to a minimum rate of \$2.00 per day. ,

VII EXECUTIVE OFFICERS, CO-PARTNERS AND INDIVIDUAL EMPLOYERS

If executive officers or co-partners are included, the entire remuneration of each shall be assigned without division to the classification which is applicable to the actual operations in which such executive officer or co-partner is primarily engaged, provided, however, that the entire remuneration of each executive officer or co-partner who performs such duties are ordinarily undertaken by a superintendent, foreman or workman, or whose duties include direct charge of the actual performance of any operations of the risk, shall be assigned without division to the highest rated classification which is applicable to any such duties undertaken by such executive officer or co-partner for any part of his time, subject to the respective maximum and minimum remuneration prescribed for the states for which coverage is provided.