



January 18, 2021

**CIRCULAR LETTER NO. 2380**

To All Members and Subscribers of the WCRIBMA:

**REVISIONS TO THE MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN AND EXPERIENCE RATING PLAN**

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On January 14, 2021, the Massachusetts Division of Insurance ("DOI") approved the WCRIBMA's attached Filing for changes within the Massachusetts Workers' Compensation Statistical Plan and the Experience Rating Plan. These changes are effective January 1, 2021 and are outlined below.

- The addition of Catastrophe Number 12 to the Extraordinary Loss Event Table in the Statistical Plan.
- The exclusion of claims reported with Catastrophe Number 12 from experience rating calculations in the Experience Rating Plan.
- The exclusion of claims reported with Catastrophe Number 12 from merit rating calculations in the Experience Rating Plan.

The Internet-based versions of the affected manual pages, accessible at [www.wcribma.org](http://www.wcribma.org), will be updated soon.

Please contact Anthony Salido (617-646-7524 or [asalido@wcribma.org](mailto:asalido@wcribma.org)) if you have any questions.

Attachment

Anthony Salido  
Assistant Vice President, Data Operations & Actuary



January 7, 2021

The Honorable Gary D. Anderson  
Commissioner of Insurance  
Commonwealth of Massachusetts  
Division of Insurance  
1000 Washington Street, #810  
Boston, MA 02118-4082

**RE: Revisions to the Massachusetts Workers' Compensation Statistical Plan and Experience Rating Plan**

Dear Commissioner Anderson:

Enclosed for your review and approval are revisions to the Massachusetts Workers' Compensation Statistical Plan ("MA Statistical Plan").

The proposed change include:

- Addition of Catastrophe Number 12 to the Extraordinary Loss Event Table.

Also enclosed for your review and approval are revisions to the Experience Rating Plan.

The proposed change include:

- Exclusion of claims reported with Catastrophe Number 12 from experience rating calculations.
- Exclusion of claims reported with Catastrophe Number 12 from merit rating calculations.

Enclosed are brief descriptions of the proposed changes, which are effective January 1, 2021, and the accompanying revised pages to the MA Statistical Plan and Experience Rating Plan. The proposed changes are shown in red, italic font.

If you have any questions about the revisions to the MA Statistical Plan and Experience Rating Plan, please contact Anthony Salido at 617-646-7524 or [asalido@wcribma.org](mailto:asalido@wcribma.org).

Anthony Salido  
Assistant Vice President, Data Operations & Actuary

## Statistical Plan Change

<b>PART</b>		<b>CHANGE DESCRIPTION</b>
VI	APPENDIX I	Add Catastrophe Number 12 to Extraordinary Loss Events Table

## Experience Rating Plan Changes

<b>PART</b>	<b>PAGE</b>	<b>CHANGE DESCRIPTION</b>
State Rule Exceptions	1	Exclusion of claims reported with Catastrophe Number 12 from experience rating calculations.
Miscellaneous Rules	1	Exclusion of claims reported with Catastrophe Number 12 from merit rating calculations.

MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN

Effective: December 31, 2020  
Distributed: January, 2021  
Part VI – Appendices

Appendix I – ELE Table  
Page 1

**PART VI - APPENDICES**

**APPENDIX I – EXTRAORDINARY LOSS EVENT TABLE**

Extraordinary Loss Event			
Catastrophe Number	Event	Description	Accident Dates
<u>12</u>	<u>COVID-19 Pandemic</u>	<u>COVID-19 Coronavirus Pandemic</u>	<u>12/1/2019–12/31/2021*</u>
48	World Trade Center Attacks	Events of September 11, 2001 attacks	9/11/2001 – 9/14/2001
87	World Trade Center Attacks	Rescue, recovery, and clean-up efforts related to September 11, 2001 at the World Trade Center site	9/11/2001 – 9/12/2002

*\* The 12/31/2021 ending accident date may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.*

**MASSACHUSETTS WORKERS' COMPENSATION  
STATISTICAL PLAN**

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*\* The 12/31/2021 ending accident date may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.*

## STATE RULE EXCEPTIONS

## RULE 1—GENERAL EXPLANATIONS

C. DEFINITIONS *Effective 01 Jan 2021*

## 3. Losses

Change Rule 1-C-3-a as follows:

~~Except for non-compensable claims, n~~No loss is excluded from the experience of a risk even if the employer was not responsible for the accident that caused such loss. ~~For instructions on non-compensable claims, refer to the Massachusetts Rule 4-B-2-f.~~

**Change Exception to Rule 1-C-3-a as follows:**

**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, 2021 (The ending accident date may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities). 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

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.

## STATE RULE EXCEPTIONS

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## 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, 2021 (The ending accident date may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities). 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.

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## 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*.



MISCELLANEOUS RULES

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