



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**
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April 23, 1992

CIRCULAR LETTER NO. 1603

TO ALL MEMBERS AND SUBSCRIBERS OF THE BUREAU:

Box or Box Shook Mfg.

The Commissioner of Insurance has approved the elimination of Classification Code No. 2759 - BOX OR BOX SHOOK MFG. and the assignment of all operations within its scope to Classification Code No. 2802 - CARPENTRY - SHOP ONLY - & Drivers effective January 1, 1992.

The reassignment of all operations within Code No. 2759 to Code No. 2802 is based on the fact that these operations are very similar. Also, Massachusetts assigns the manufacturing and repair of wooden pallets/skids to Code No. 2802. With the exception of hardwood being used as a raw material in the manufacture of pallets/skids, their manufacture is not all that different when compared to the manufacture of wooden boxes and crates (i.e., both are rough carpentry operations).

The current rates and rating values for Code No. 2759, which is being eliminated, and Code 2802 are as follows:

<u>Class Code</u>	<u>Current Manual Rate</u>	<u>Minimum Premium</u>	<u>Loss Constant</u>	<u>Expected Loss Rate</u>	<u>D Ratio</u>
2759	25.07	500.	0	10.78	.20
2802	9.24	483.	0	3.97	.25

The new final rate and rating values for Code 2802, when Code 2759 is combined with it, are as follows:

<u>Class Code</u>	<u>New Manual Rate</u>	<u>Minimum Premium</u>	<u>Loss Constant</u>	<u>Expected Loss Rate</u>	<u>D Ratio</u>
2802	9.45	491.	0	4.06	.25

These rates and rating values for Code 2802 are effective retroactively to January 1, 1992 on new and renewal policies.

Carriers are advised of the following actions required by this change:

1. All policies effective on or after January 1, 1992 showing Code 2759 should be endorsed to reflect the elimination of Code 2759, and its replacement with Code 2802, and the revised rate as of the effective date of the policy.
2. All policies effective on or after January 1, 1992 showing Code 2802 should be endorsed to reflect the revised rate as of the effective date of the policy.
3. The Bureau is recalculating all experience modifications and ARAP factors affected.

It should be noted that those experience modifications and ARAP factors previously calculated based on Code 2759 are being recalculated based on Code 2802 due to a retroactive classification of risks and are, therefore, not subject to the time constraints of Rule E.6. Part Three of the Experience Rating Plan Manual. These revised modifications and ARAP factors should be applied as of the effective date of such rating.

Similarly, those experience modifications and ARAP factors previously calculated based on Code 2802 are being recalculated due to the retroactive rate increase for this class. Under Rule E.4 Part Three of the Experience Rating Plan Manual, these revised modifications and ARAP factors should be applied as of the effective date of such rating.

It will not be necessary for carriers to file copies of these endorsements with the Bureau.

NORMAN R. FONTAINE
Vice President of Industry Affairs

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