



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**

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January 14, 1993

CIRCULAR LETTER NO. 1621

To All Members and Subscribers of the Bureau:

**REVISED EXPERIENCE RATING PLAN MANUAL [MA STATE SPECIAL RULES]
EFFECTIVE JANUARY 1, 1993**

The Commissioner of Insurance has approved revised Experience Rating Plan Massachusetts State Special Rules in accordance with Section 82 of Chapter 398, "Reform Law" Acts of 1991, and as contained in Regulation 211 CMR 113.00.

To implement one of the required changes, this filing amends the Experience Rating Plan Manual PART TWO OPERATION OF THE PLAN D.4. Revision of Losses under f. This permits a carrier to submit revised unit statistical reports to the Bureau for purposes of recalculating the current experience modification, specifically for paid or anticipated recovery from payment, under the Workers' Compensation Fund. A provision requiring the insurer to submit such revised statistical unit report to the Bureau within 60 days of such finding, recovery or reimbursement, has been added to this rule to reflect the wording of the statute.

Additionally, a new rule 7. Recalculation of Experience Modification Due to Change in Claim Values is added under PART TWO OPERATION OF THE PLAN. This rule provides for the adjustment of an insured's experience modification when there has been a substantial change in the valuation of claims between 42 months and 66 months of policy effective date, and specifies the method to be utilized by the Bureau when recalculating an experience modification due to a change in claim values. In effect, with respect to each open claim in excess of \$5000 at third report, except those involving permanent and total disability or death, the Bureau shall compare the value of such claim at third report with the final total incurred value of such claim at fourth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the prior total valuation of such claims at third report, the Bureau shall recalculate the experience modification which utilized such third report. A similar comparison shall be done at the fifth report [66 months from effective date]. The result of any recalculation performed under this rule will appear as a credit or debit on the insured's bill.

The attached revised Experience Rating Plan Manual Massachusetts State Special Rules which implement these changes will be distributed by the National Council in due course.

These revised rules are applicable to experience ratings on and after January 1, 1993.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/dc 3102
Enclosure

Effective January 1, 1993

PART TWO
OPERATION OF THE PLAN

Amend and add to D.4. Revision of Losses:

- f. A paid or anticipated recovery from a special fund, including payments under the Workers' Compensation Trust Fund made pursuant to Subsection (2) of Section 65 of Chapter 152, becomes known to the carrier.

The insurer shall submit a revised statistical unit report to the rating organization within 60 days of such finding, recovery or reimbursement.

Add to D. PAYROLLS AND LOSSES

7. Recalculation of Experience Modification Due to Change in Claim Values

a. Method of Recalculation

For each open claim in excess of \$5,000 at third report, except those involving permanent and total disability or death, the rating organization designated by the Commissioner pursuant to M.G.L.c. 152, s. 65C, shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fourth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the prior total valuation of such claims at third report, the rating organization shall recalculate the experience modification which utilized such third report.

In addition, for each open claim in excess of \$5,000 at third report, except those involving permanent and total disability or death, the rating organization shall compare the value of such claim at third report with the final incurred value of such claim reported closed at fifth report. To the extent that the final total incurred values of the aggregate of all such claims of any insured reflect a change of 20% or more from the total valuation of such claims at third report, the rating organization shall recalculate the experience modification which utilized such third report.

No recalculations shall be performed which included effects of change on any claim which has not been closed at the time of such recalculation.

The result of any recalculation performed under this rule shall appear as a credit or debit on the insured's bill.

b. Failure to Pay

Failure to pay any amounts owed an insurer as a result of recalculation of an experience modification pursuant to this regulation, shall constitute nonpayment of premium and be grounds for termination of the policy.

Effective January 1, 1993

PART THREE
ADMINISTRATION OF THE PLAN

Add to E.6. Changes in Modifications c.

4. Revised experience modifications calculated according to PART TWO D.7.
Recalculation of Experience Modification Due to Change in Claim Values.