



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

September 17, 2003

CIRCULAR LETTER NO. 1934

To All Members and Subscribers of the Bureau:

**RETROSPECTIVE RATING PLAN CHANGES
EFFECTIVE SEPTEMBER 1, 2003**

The Commissioner of Insurance has approved changes in the Retrospective Rating Plan parameters effective 12:01 A.M., September 1, 2003, applicable to new and renewal policies, concurrent with the general revision of rates.

The changes and corresponding exhibits follow.

- Exhibit 1 Table of Compensation Expense Ratios - Type A Premium Discount
- Exhibit 2 Table of Compensation Expense Ratios - Type B Premium Discount
- Exhibit 3 Table of Compensation Expense Ratios - Type A Premium Discount-Allocated Loss Adjustment Expense [ALAE] Option
- Exhibit 4 Table of Compensation Expense Ratios - Type B Premium Discount-Allocated Loss Adjustment Expense [ALAE] Option

The following values are also revised:

Expense Provisions Underlying the Retrospective Rating Plan
The Expected Loss Ratio is changed to **.686**
The State Tax Multiplier is changed to **1.019**
The Loss Conversion Factor is changed to **1.204**

Expense Provisions Underlying the ALAE Option of the Retrospective Rating Plan
The ALAE Option Expected Loss and ALAE Ratio is changed to **.757**
The ALAE Option State Tax Multiplier is changed to **1.019**
The ALAE Option Loss Conversion Factor is changed to **1.091**

The Workers' Compensation Rating & Inspection Bureau Of Massachusetts

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The Provision For Residual Market Subsidy is changed to **0.5%**.

As announced in Circular Letter No. 1929 the new State and Hazard Group Differentials are:

Hazard Group I	1.70
Hazard Group II	1.58
Hazard Group III	.98
Hazard Group IV	.62

And the Table of Expected Loss Ranges is updated to the NCCI 2001 Table (Item R-1371) effective for Massachusetts September 1, 2003.

Revised Retrospective Rating Plan manual pages will be distributed by the NCCI.

VICTORIA J. CARTER
Associate Actuary

VJC/cms
Enclosures

MASSACHUSETTS WORKERS' COMPENSATION

**Table of Compensation Expense Ratios
Type A Discount**

Excluding Taxes, but Including Profit and Contingencies

Effective September 1, 2003

	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>
0	- 10,056	0.295	17,932	- 18,299	0.255	91,097	- 101,444	0.215
10,057	- 10,171	0.294	18,300	- 18,681	0.254	101,445	- 114,444	0.214
10,172	- 10,288	0.293	18,682	- 19,081	0.253	114,445	- 131,266	0.213
10,289	- 10,408	0.292	19,082	- 19,497	0.252	131,267	- 190,231	0.212
10,409	- 10,531	0.291	19,498	- 19,932	0.251	190,232	- 197,438	0.211
10,532	- 10,656	0.290	19,933	- 20,387	0.250	197,439	- 205,213	0.210
10,657	- 10,785	0.289	20,388	- 20,864	0.249	205,214	- 213,626	0.209
10,786	- 10,917	0.288	20,865	- 21,363	0.248	213,627	- 222,758	0.208
10,918	- 11,052	0.287	21,364	- 21,886	0.247	222,759	- 232,706	0.207
11,053	- 11,190	0.286	21,887	- 22,436	0.246	232,707	- 243,584	0.206
11,191	- 11,332	0.285	22,437	- 23,014	0.245	243,585	- 255,528	0.205
11,333	- 11,478	0.284	23,015	- 23,623	0.244	255,529	- 268,704	0.204
11,479	- 11,628	0.283	23,624	- 24,265	0.243	268,705	- 283,313	0.203
11,629	- 11,781	0.282	24,266	- 24,943	0.242	283,314	- 299,602	0.202
11,782	- 11,938	0.281	24,944	- 25,659	0.241	299,603	- 317,878	0.201
11,939	- 12,100	0.280	25,660	- 26,419	0.240	317,879	- 338,529	0.200
12,101	- 12,266	0.279	26,420	- 27,224	0.239	338,530	- 362,050	0.199
12,267	- 12,437	0.278	27,225	- 28,080	0.238	362,051	- 389,082	0.198
12,438	- 12,613	0.277	28,081	- 28,992	0.237	389,083	- 420,477	0.197
12,614	- 12,794	0.276	28,993	- 29,964	0.236	420,478	- 457,384	0.196
12,795	- 12,980	0.275	29,965	- 31,005	0.235	457,385	- 501,393	0.195
12,981	- 13,171	0.274	31,006	- 32,120	0.234	501,394	- 554,772	0.194
13,172	- 13,368	0.273	32,121	- 33,318	0.233	554,773	- 620,871	0.193
13,369	- 13,571	0.272	33,319	- 34,609	0.232	620,872	- 704,852	0.192
13,572	- 13,781	0.271	34,610	- 36,005	0.231	704,853	- 815,105	0.191
13,782	- 13,997	0.270	36,006	- 37,517	0.230	815,106	- 966,245	0.190
13,998	- 14,220	0.269	37,518	- 39,163	0.229	966,246	- 1,575,657	0.189
14,221	- 14,450	0.268	39,164	- 40,959	0.228	1,575,658	- 1,694,966	0.188
14,451	- 14,687	0.267	40,960	- 42,928	0.227	1,694,967	- 1,833,822	0.187
14,688	- 14,933	0.266	42,929	- 45,095	0.226	1,833,823	- 1,997,460	0.186
14,934	- 15,187	0.265	45,096	- 47,494	0.225	1,997,461	- 2,193,164	0.185
15,188	- 15,450	0.264	47,495	- 50,161	0.224	2,193,165	- 2,431,381	0.184
15,451	- 15,722	0.263	50,162	- 53,146	0.223	2,431,382	- 2,727,653	0.183
15,723	- 16,003	0.262	53,147	- 56,509	0.222	2,727,654	- 3,106,148	0.182
16,004	- 16,295	0.261	56,510	- 60,327	0.221	3,106,149	- 3,606,609	0.181
16,296	- 16,598	0.260	60,328	- 64,697	0.220	3,606,610	- 4,299,312	0.180
16,599	- 16,912	0.259	64,698	- 69,751	0.219	4,299,313	- 5,321,358	0.179
16,913	- 17,239	0.258	69,752	- 75,660	0.218	5,321,359	- 6,980,872	0.178
17,240	- 17,578	0.257	75,661	- 82,663	0.217	6,980,873	- 10,144,541	0.177
17,579	- 17,931	0.256	82,664	- 91,096	0.216	10,144,542	and OVER	0.176

Note: Above table based on the following discounts:

First	10,000	0.0%
Next	190,000	9.1%
Next	1,550,000	11.3%
Over	1,750,000	12.3%

MASSACHUSETTS WORKERS' COMPENSATION

**Table of Compensation Expense Ratios
Type B Discount**

Excluding Taxes, but Including Profit and Contingencies

Effective September 1, 2003

	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>
0	- 10,101	0.295	19,590	- 20,387	0.270	227,344
10,102	- 10,309	0.294	20,388	- 21,253	0.269	244,453
10,310	- 10,526	0.293	21,254	- 22,196	0.268	264,346
10,527	- 10,752	0.292	22,197	- 23,226	0.267	287,765
10,753	- 10,988	0.291	23,227	- 24,356	0.266	315,735
10,989	- 11,235	0.290	24,357	- 25,602	0.265	349,729
11,236	- 11,493	0.289	25,603	- 26,982	0.264	391,926
11,494	- 11,763	0.288	26,983	- 28,520	0.263	445,702
11,764	- 12,046	0.287	28,521	- 30,243	0.262	516,583
12,047	- 12,343	0.286	30,244	- 32,188	0.261	614,272
12,344	- 12,655	0.285	32,189	- 34,400	0.260	757,525
12,656	- 12,983	0.284	34,401	- 36,939	0.259	987,913
12,984	- 13,329	0.283	36,940	- 39,883	0.258	1,687,549
13,330	- 13,694	0.282	39,884	- 43,336	0.257	1,839,559
13,695	- 14,079	0.281	43,337	- 47,444	0.256	2,021,665
14,080	- 14,486	0.280	47,445	- 52,413	0.255	2,243,788
14,487	- 14,918	0.279	52,414	- 58,543	0.254	2,520,745
14,919	- 15,376	0.278	58,544	- 66,298	0.253	2,875,701
15,377	- 15,864	0.277	66,299	- 76,422	0.252	3,347,005
15,865	- 16,383	0.276	76,423	- 90,194	0.251	4,003,079
16,384	- 16,938	0.275	90,195	- 110,020	0.250	4,979,065
16,939	- 17,531	0.274	110,021	- 141,020	0.249	6,584,402
17,532	- 18,167	0.273	141,021	- 199,428	0.248	9,717,489
18,168	- 18,852	0.272	199,429	- 212,472	0.247	
18,853	- 19,589	0.271	212,473	- 227,343	0.246	

Note: Above table based on the following discounts:

First	10,000	0.0%
Next	190,000	5.1%
Next	1,550,000	6.5%
Over	1,750,000	7.5%

MASSACHUSETTS WORKERS COMPENSATION**Table of Compensation Expense Ratios
Type A Discount, with ALAE OPTION***Excluding Allocated LAE and Taxes, but Including Profit and Contingencies***Effective September 1, 2003**

<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	
0	- 10,056	0.224	17,932	- 18,299	0.184	
10,057	- 10,171	0.223	18,300	- 18,681	0.183	
10,172	- 10,288	0.222	18,682	- 19,081	0.182	
10,289	- 10,408	0.221	19,082	- 19,497	0.181	
10,409	- 10,531	0.220	19,498	- 19,932	0.180	
10,532	- 10,656	0.219	19,933	- 20,387	0.179	
10,657	- 10,785	0.218	20,388	- 20,864	0.178	
10,786	- 10,917	0.217	20,865	- 21,363	0.177	
10,918	- 11,052	0.216	21,364	- 21,886	0.176	
11,053	- 11,190	0.215	21,887	- 22,436	0.175	
11,191	- 11,332	0.214	22,437	- 23,014	0.174	
11,333	- 11,478	0.213	23,015	- 23,623	0.173	
11,479	- 11,628	0.212	23,624	- 24,265	0.172	
11,629	- 11,781	0.211	24,266	- 24,943	0.171	
11,782	- 11,938	0.210	24,944	- 25,659	0.170	
11,939	- 12,100	0.209	25,660	- 26,419	0.169	
12,101	- 12,266	0.208	26,420	- 27,224	0.168	
12,267	- 12,437	0.207	27,225	- 28,080	0.167	
12,438	- 12,613	0.206	28,081	- 28,992	0.166	
12,614	- 12,794	0.205	28,993	- 29,964	0.165	
12,795	- 12,980	0.204	29,965	- 31,005	0.164	
12,981	- 13,171	0.203	31,006	- 32,120	0.163	
13,172	- 13,368	0.202	32,121	- 33,318	0.162	
13,369	- 13,571	0.201	33,319	- 34,609	0.161	
13,572	- 13,781	0.200	34,610	- 36,005	0.160	
13,782	- 13,997	0.199	36,006	- 37,517	0.159	
13,998	- 14,220	0.198	37,518	- 39,163	0.158	
14,221	- 14,450	0.197	39,164	- 40,959	0.157	
14,451	- 14,687	0.196	40,960	- 42,928	0.156	
14,688	- 14,933	0.195	42,929	- 45,095	0.155	
14,934	- 15,187	0.194	45,096	- 47,494	0.154	
15,188	- 15,450	0.193	47,495	- 50,161	0.153	
15,451	- 15,722	0.192	50,162	- 53,146	0.152	
15,723	- 16,003	0.191	53,147	- 56,509	0.151	
16,004	- 16,295	0.190	56,510	- 60,327	0.150	
16,296	- 16,598	0.189	60,328	- 64,697	0.149	
16,599	- 16,912	0.188	64,698	- 69,751	0.148	
16,913	- 17,239	0.187	69,752	- 75,660	0.147	
17,240	- 17,578	0.186	75,661	- 82,663	0.146	
17,579	- 17,931	0.185	82,664	- 91,096	0.145	
				91,097	- 101,444	0.144
				101,445	- 114,444	0.143
				114,445	- 131,266	0.142
				131,267	- 190,231	0.141
				190,232	- 197,438	0.140
				197,439	- 205,213	0.139
				205,214	- 213,626	0.138
				213,627	- 222,758	0.137
				222,759	- 232,706	0.136
				232,707	- 243,584	0.135
				243,585	- 255,528	0.134
				255,529	- 268,704	0.133
				268,705	- 283,313	0.132
				283,314	- 299,602	0.131
				299,603	- 317,878	0.130
				317,879	- 338,529	0.129
				338,530	- 362,050	0.128
				362,051	- 389,082	0.127
				389,083	- 420,477	0.126
				420,478	- 457,384	0.125
				457,385	- 501,393	0.124
				501,394	- 554,772	0.123
				554,773	- 620,871	0.122
				620,872	- 704,852	0.121
				704,853	- 815,105	0.120
				815,106	- 966,245	0.119
				966,246	- 1,575,657	0.118
				1,575,658	- 1,694,966	0.117
				1,694,967	- 1,833,822	0.116
				1,833,823	- 1,997,460	0.115
				1,997,461	- 2,193,164	0.114
				2,193,165	- 2,431,381	0.113
				2,431,382	- 2,727,653	0.112
				2,727,654	- 3,106,148	0.111
				3,106,149	- 3,606,609	0.110
				3,606,610	- 4,299,312	0.109
				4,299,313	- 5,321,358	0.108
				5,321,359	- 6,980,872	0.107
				6,980,873	- 10,144,541	0.106
				10,144,542	and OVER	0.105

Note: Above table based on the following discounts:

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MASSACHUSETTS WORKERS COMPENSATION

**Table of Compensation Expense Ratios
Type B Discount with ALAE Option**

Excluding Allocated LAE and Taxes, but Including Profit and Contingencies

Effective September 1, 2003

<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>	<u>Standard Premium</u>	<u>Expense Ratio</u>
0	- 10,101	0.224	19,590	- 20,387	0.199
10,102	- 10,309	0.223	20,388	- 21,253	0.198
10,310	- 10,526	0.222	21,254	- 22,196	0.197
10,527	- 10,752	0.221	22,197	- 23,226	0.196
10,753	- 10,988	0.220	23,227	- 24,356	0.195
10,989	- 11,235	0.219	24,357	- 25,602	0.194
11,236	- 11,493	0.218	25,603	- 26,982	0.193
11,494	- 11,763	0.217	26,983	- 28,520	0.192
11,764	- 12,046	0.216	28,521	- 30,243	0.191
12,047	- 12,343	0.215	30,244	- 32,188	0.190
12,344	- 12,655	0.214	32,189	- 34,400	0.189
12,656	- 12,983	0.213	34,401	- 36,939	0.188
12,984	- 13,329	0.212	36,940	- 39,883	0.187
13,330	- 13,694	0.211	39,884	- 43,336	0.186
13,695	- 14,079	0.210	43,337	- 47,444	0.185
14,080	- 14,486	0.209	47,445	- 52,413	0.184
14,487	- 14,918	0.208	52,414	- 58,543	0.183
14,919	- 15,376	0.207	58,544	- 66,298	0.182
15,377	- 15,864	0.206	66,299	- 76,422	0.181
15,865	- 16,383	0.205	76,423	- 90,194	0.180
16,384	- 16,938	0.204	90,195	- 110,020	0.179
16,939	- 17,531	0.203	110,021	- 141,020	0.178
17,532	- 18,167	0.202	141,021	- 199,428	0.177
18,168	- 18,852	0.201	199,429	- 212,472	0.176
18,853	- 19,589	0.200	212,473	- 227,343	0.175

Note: Above table based on the following discounts:

First	10,000	0.0%
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Next	1,550,000	6.5%
Over	1,750,000	7.5%

ITEM R-1371—2001 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS

EXHIBIT III

2001 - TABLE OF EXPECTED LOSS RANGES

The following Table of Expected Loss Ranges is effective July 1, 2001

Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values
95	430 -- 671	65	36053 -- 38938	35	449651 -- 504854
94	672 -- 994	64	38939 -- 42056	34	504855 -- 566837
93	995 -- 1312	63	42057 -- 45422	33	566838 -- 646366
92	1313 -- 1735	62	45423 -- 49058	32	646367 -- 742956
91	1736 -- 2257	61	49059 -- 52985	31	742957 -- 853981
90	2258 -- 2725	60	52986 -- 57238	30	853982 -- 981599
89	2726 -- 3290	59	57239 -- 61888	29	981600 -- 1166840
88	3291 -- 3819	58	61889 -- 66821	28	1166841 -- 1395287
87	3820 -- 4433	57	66822 -- 71996	27	1395288 -- 1668462
86	4434 -- 5142	56	71997 -- 77572	26	1668463 -- 2056868
85	5143 -- 5815	55	77573 -- 83581	25	2056869 -- 2617424
84	5816 -- 6574	54	83582 -- 90374	24	2617425 -- 3330748
83	6575 -- 7424	53	90375 -- 97745	23	3330749 -- 4256111
82	7425 -- 8260	52	97746 -- 105720	22	4256112 -- 5446097
81	8261 -- 9191	51	105721 -- 114342	21	5446098 -- 6968796
80	9192 -- 10224	50	114343 -- 123387	20	6968797 -- 8917234
79	10225 -- 11375	49	123388 -- 133126	19	8917235 -- 11410444
78	11376 -- 12553	48	133127 -- 143703	18	11410445 -- 15651781
77	12554 -- 13820	47	143704 -- 156342	17	15651782 -- 23148859
76	13821 -- 15216	46	156343 -- 170091	16	23148860 -- 34236979
75	15217 -- 16721	45	170092 -- 185049	15	34236980 -- 50636219
74	16722 -- 18307	44	185050 -- 202219	14	50636220 -- 74890565
73	18308 -- 20042	43	202220 -- 221271	13	74890566 -- 110762548
72	20043 -- 21944	42	221272 -- 242119	12	110762549 -- 173385693
71	21945 -- 23954	41	242120 -- 266906	11	173385694 -- 274365607
70	23955 -- 26129	40	266907 -- 294958	10	274365608 -- 434156275
69	26130 -- 28499	39	294959 -- 325958	9	434156276 -- & over
68	28500 -- 30900	38	325959 -- 360215		
67	30901 -- 33376	37	360216 -- 400481		
66	33377 -- 36052	36	400482 -- 449650		