



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

December 22, 2003

CIRCULAR LETTER NO. 1939

To All Members and Subscribers of the Bureau:

**REVISIONS to the MASSACHUSETTS WORKERS'
COMPENSATION STATISTICAL PLAN**

The Massachusetts Division of Insurance has recently approved changes to Part II – Aggregate Financial Reporting, of the Massachusetts Workers' Compensation Statistical Plan.

The attached SUMMARY OF CHANGES TO PART II – AGGREGATE FINANCIAL REPORTING summarizes the recently approved changes. This Summary of Changes will also be included as a newly added section to Part II - Aggregate Financial Reporting. The entire Statistical Plan can be accessed on the Massachusetts Bureau's website at www.wcribma.org.

Please review all changes carefully before completing the financial data calls for data valued as of 12/31/03.

Questions regarding these changes should be directed to Debra Jackson at extension 578.

DEBRA JACKSON
Financial Data Services Supervisor

PART II
AGGREGATE FINANCIAL REPORTING
SUMMARY OF CHANGES

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: *December 31, 2003*
Distributed: *January, 2004*
Part II – *Aggregate Financial Reporting*

SUMMARY OF CHANGES
Page 1

SUMMARY OF CHANGES TO PART II – AGGREGATE FINANCIAL REPORTING

Changes to Stat Plan:

- Corrections to typos, misspelled words, and other grammatical errors will not be outlined in this summary.
- **Table of Contents**
 - * Updated to reflect changes in contents and page numbers.
- **Summary of Changes**
 - * This Summary of Changes to Part II - Aggregate Financial Reporting is added to identify all current changes to the Plan, and requirements for the calls.
- **Section I - Introduction**
 - * This section announces the MAFDRA to carriers, and notes which calls carriers will continue to pre-edit using the Carrier Edit CD.
 - * The chart listing all data calls is now a reporting matrix detailing reporting and editing requirements.
- **Section II - General Instructions**
 - * Instructions for Cease Writing (Item B.), NIL Reports (Item F.) and Reporting Credits (Item N.) have been added.
 - * Additional instructions have been added to Whole Dollar Reporting.
 - * The Electronic Reporting (Item L.) section provides reporting instructions for calls that will not be allowed to be submitted using the MAFDRA. This section also provides instructions for calls that must continue to be edited using the pre edit CD included in the Financial Call Package.
- **Section III - Reporting Requirements**
 - * This section has been renamed to Section III - Annual Calls, and is now sorted by Description, Reporting Requirements, Definitions and reporting Form for each call type.
 - * Definitions of data elements required on each call have been listed in the same order as it appears on the call form.
 - * To accommodate changes introduced by the MAFDRA, all Policy and Accident Year Call forms have been reconstructed in order to make them consistent with the templates used by the MAFDRA.
- **Section IV- Data Quality Incentive Program (formerly Section V)**
 - * References to the premium columns on the policy year calls have been updated to the new column names on the MAFDRA templates.
 - * All calendar and policy year references have been updated to be consistent with the 2003 year end data.
 - * The charts have been revised to show policy/accident year for the current calendar year next to its corresponding report level and applicable ratio.
 - * Item E., Loss Development - Accident Year Call has been renamed to Development of Paid + Case - Accident Year Call.

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: *December 31, 2003*
Distributed: *January, 2004*
Part II – *Aggregate Financial Reporting*

SUMMARY OF CHANGES
Page 2

- **Section V - Edit Listing**
 - * This new section provides an edit listing to identify and describe Basic and Actuarial Edits.

Changes to Reporting Requirements:

- **Call #2 Massachusetts Take-Out Program**

Requirement 6 has been added to direct reporters to the appropriate take-out percents listed on the Bureau's website. Requirement 8 now includes wording to indicate that a lapse in coverage more than 30 days is not eligible for the take-out program. Requirement 9 and 10 have been added to indicate that Voluntary Direct Assigned Risk policies count as prior Assigned Risk, and that Large Deductible Policies are not eligible for the take-out program.
- **Call #5 Large Deductible Policy Year Call**

Employer Reimbursements are no longer required to be included in the Net Premium. Refer to the definition of Net Premium within Call # 5. Employer's Reimbursement is now listed within the **But prior to the application of:** section of this definition. This new requirement does not change the requirement to distinctively report Employers Reimbursements in column 31 of the large Deductible Policy Year Call.
- **Call #6 Large Deductible Written Calendar Year Experience**

Requirement 4 stating, "The direct written premium from large deductible policies using NAIC Accounting Practices and Procedures Manual definition of net written premium" has been added to this plan. Also this requirement is noted on page 1 of the call form.

Preliminary USR Claim Data Directly Attributable to the September 11, 2001 Terrorist Attacks

- This call will now be referred to as "Call # 22 - USR Claim Data Directly Attributable to the September 11, 2001 Terrorist Attacks". It will no longer be referred to as preliminary, and the data as of 12/31 will continue to be collected each year. Page 1 lists the claims directly attributable to the September 11, 2001 terrorist attacks with catastrophe code 48 and accident dates from September 11, 2001 through September 14, 2001. Page 2 lists the claims directly attributable to the September 11, 2001 terrorist attacks with accident dates after September 14, 2001. Both pages may be copied as many times as needed.

New Financial Call - Call # 23 - Large Loss & Catastrophe Call:

- In response to recommendations from the Large Loss Subcommittee of the Actuarial Committee, NCCI has developed a new Large Loss & Catastrophe Call. The purpose of this call is to provide the necessary claim details in order to develop methods to treat large losses and catastrophes in aggregate ratemaking. The overall objective is to enhance the long-term adequacy of loss costs/rates while recognizing the need for rate stability.

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: *December 31, 2003*
Distributed: *January, 2004*
Part II – *Aggregate Financial Reporting*

SUMMARY OF CHANGES
Page 3

Changes to Column Titles:

- Data Elements on the call forms have been updated to reflect the changes introduced by the MAFDRA. However, the requirements for these data elements have not changed. Refer to the definition within the appropriate Annual Call for details.

Previous Column Title	New Column Title
Standard Premium at Bureau Rate Level	Standard at Bureau Designated Stat. Reporting Level
Net Premium at Company Rate Level	Net Premium
Total Incurred Losses	Total Incurred Losses Including IBNR
Incurred Indemnity Losses on Closed Claims	Accumulated Closed (Paid)
Incurred Indemnity Losses on Open Claims	Open Outstanding

Changes to Column Titles:

- All references to ALAE and ULAE in part II of this plan, as well on the call forms have been updated to DCCE and AOE respectively to reflect changes implemented by the NAIC. Refer to the definition within the appropriate Annual Call for details.

Previous Column Title	New Column Title
ALAE(Allocated Loss Adjustment Expense)	DCCE(Defense and Cost Containment Expense)
ULAE(Unallocated Loss Adjustment Expense)	AOE(Adjusting and Other Expense)