



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

June 19, 2001

CIRCULAR LETTER NO. 1879

To All Members and Subscribers of the Bureau:

**RETROSPECTIVE RATING PLAN CHANGES
EFFECTIVE JULY 1, 2001**

The Commissioner of Insurance has approved changes in Retrospective Rating Plan parameters effective 12:01 A.M., July 1, 2001, 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 were also in the stipulation approved by the Commissioner:

Expense Provisions Underlying the Retrospective Rating Plan

The Expected Loss Ratio is changed to **.661**

The State Tax Multiplier is changed to **1.037**

The Loss Conversion Factor is changed to **1.267**

Expense Provisions Underlying the ALAE Option of the Retrospective Rating Plan

The ALAE Option Expected Loss and ALAE Ratio is changed to **.755**

The ALAE Option State Tax Multiplier is changed to **1.037**

The ALAE Option Loss Conversion Factor is changed to **1.109**

The Workers' Compensation Rating and Inspection Bureau of Massachusetts

The Provision For Residual Market Subsidy is changed to **0.2%**.

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

VICTORIA J. CARTER
Associate Actuary

VJC/dc
Enclosures

MASSACHUSETTS WORKERS' COMPENSATION

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

Excluding Taxes, but Including Profit and Contingencies

Effective July 1, 2001

	<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	-	10,057	0.303	18,187	-	18,571	0.263	106,328	-	120,987	0.223
10,058	-	10,174	0.302	18,572	-	18,972	0.262	120,988	-	140,335	0.222
10,175	-	10,293	0.301	18,973	-	19,392	0.261	140,336	-	167,049	0.221
10,294	-	10,415	0.300	19,393	-	19,830	0.260	167,050	-	201,056	0.220
10,416	-	10,541	0.299	19,831	-	20,288	0.259	201,057	-	209,273	0.219
10,542	-	10,669	0.298	20,289	-	20,768	0.258	209,274	-	218,191	0.218
10,670	-	10,800	0.297	20,769	-	21,272	0.257	218,192	-	227,902	0.217
10,801	-	10,935	0.296	21,273	-	21,800	0.256	227,903	-	238,518	0.216
10,936	-	11,073	0.295	21,801	-	22,356	0.255	238,519	-	250,171	0.215
11,074	-	11,214	0.294	22,357	-	22,940	0.254	250,172	-	263,021	0.214
11,215	-	11,359	0.293	22,941	-	23,556	0.253	263,022	-	277,263	0.213
11,360	-	11,508	0.292	23,557	-	24,206	0.252	277,264	-	293,135	0.212
11,509	-	11,661	0.291	24,207	-	24,892	0.251	293,136	-	310,935	0.211
11,662	-	11,818	0.290	24,893	-	25,619	0.250	310,936	-	331,037	0.210
11,819	-	11,979	0.289	25,620	-	26,389	0.249	331,038	-	353,917	0.209
11,980	-	12,145	0.288	26,390	-	27,208	0.248	353,918	-	380,195	0.208
12,146	-	12,316	0.287	27,209	-	28,078	0.247	380,196	-	410,689	0.207
12,317	-	12,491	0.286	28,079	-	29,006	0.246	410,690	-	446,500	0.206
12,492	-	12,671	0.285	29,007	-	29,998	0.245	446,501	-	489,153	0.205
12,672	-	12,857	0.284	29,999	-	31,060	0.244	489,154	-	540,816	0.204
12,858	-	13,048	0.283	31,061	-	32,199	0.243	540,817	-	604,680	0.203
13,049	-	13,245	0.282	32,200	-	33,426	0.242	604,681	-	685,648	0.202
13,246	-	13,448	0.281	33,427	-	34,749	0.241	685,649	-	791,651	0.201
13,449	-	13,657	0.280	34,750	-	36,182	0.240	791,652	-	936,425	0.200
13,658	-	13,873	0.279	36,183	-	37,738	0.239	936,426	-	1,146,002	0.199
13,874	-	14,096	0.278	37,739	-	39,434	0.238	1,146,003	-	1,476,435	0.198
14,097	-	14,326	0.277	39,435	-	41,290	0.237	1,476,436	-	1,816,155	0.197
14,327	-	14,564	0.276	41,291	-	43,328	0.236	1,816,156	-	1,979,605	0.196
14,565	-	14,810	0.275	43,329	-	45,579	0.235	1,979,606	-	2,175,385	0.195
14,811	-	15,064	0.274	45,580	-	48,076	0.234	2,175,386	-	2,414,140	0.194
15,065	-	15,327	0.273	48,077	-	50,862	0.233	2,414,141	-	2,711,764	0.193
15,328	-	15,600	0.272	50,863	-	53,992	0.232	2,711,765	-	3,093,091	0.192
15,601	-	15,882	0.271	53,993	-	57,531	0.231	3,093,092	-	3,599,211	0.191
15,883	-	16,175	0.270	57,532	-	61,568	0.230	3,599,212	-	4,303,368	0.190
16,176	-	16,478	0.269	61,569	-	66,213	0.229	4,303,369	-	5,350,065	0.189
16,479	-	16,794	0.268	66,214	-	71,617	0.228	5,350,066	-	7,069,580	0.188
16,795	-	17,122	0.267	71,618	-	77,981	0.227	7,069,581	-	10,417,904	0.187
17,123	-	17,462	0.266	77,982	-	85,587	0.226	10,417,905	-	19,791,757	0.186
17,463	-	17,817	0.265	85,588	-	94,836	0.225	19,791,758	-	197,489,177	0.185
17,818	-	18,186	0.264	94,837	-	106,327	0.224	197,489,178	-	and OVER	0.184

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 July 1, 2001**

	<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	- 10,103	0.303	19,928	- 20,768	0.278	242,164	- 262,043	0.253
10,104	- 10,315	0.302	20,769	- 21,684	0.277	262,044	- 285,480	0.252
10,316	- 10,536	0.301	21,685	- 22,684	0.276	285,481	- 313,521	0.251
10,537	- 10,766	0.300	22,685	- 23,781	0.275	313,522	- 347,671	0.250
10,767	- 11,007	0.299	23,782	- 24,990	0.274	347,672	- 390,169	0.249
11,008	- 11,259	0.298	24,991	- 26,327	0.273	390,170	- 444,504	0.248
11,260	- 11,523	0.297	26,328	- 27,816	0.272	444,505	- 516,421	0.247
11,524	- 11,799	0.296	27,817	- 29,484	0.271	516,422	- 616,101	0.246
11,800	- 12,089	0.295	29,485	- 31,364	0.270	616,102	- 763,464	0.245
12,090	- 12,394	0.294	31,365	- 33,501	0.269	763,465	- 1,003,486	0.244
12,395	- 12,715	0.293	33,502	- 35,950	0.268	1,003,487	- 1,463,630	0.243
12,716	- 13,052	0.292	35,951	- 38,785	0.267	1,463,631	- 1,853,980	0.242
13,053	- 13,408	0.291	38,786	- 42,105	0.266	1,853,981	- 2,042,699	0.241
13,409	- 13,784	0.290	42,106	- 46,048	0.265	2,042,700	- 2,274,193	0.240
13,785	- 14,181	0.289	46,049	- 50,804	0.264	2,274,194	- 2,564,861	0.239
14,182	- 14,602	0.288	50,805	- 56,657	0.263	2,564,862	- 2,940,719	0.238
14,603	- 15,049	0.287	56,658	- 64,034	0.262	2,940,720	- 3,445,649	0.237
15,050	- 15,524	0.286	64,035	- 73,620	0.261	3,445,650	- 4,159,920	0.236
15,525	- 16,030	0.285	73,621	- 86,580	0.260	4,159,921	- 5,247,762	0.235
16,031	- 16,570	0.284	86,581	- 105,079	0.259	5,247,763	- 7,106,027	0.234
16,571	- 17,148	0.283	105,080	- 133,630	0.258	7,106,028	- 11,001,850	0.233
17,149	- 17,767	0.282	133,631	- 183,486	0.257	11,001,851	- 24,353,423	0.232
17,768	- 18,433	0.281	183,487	- 210,259	0.256	24,353,424	- and OVER	0.231
18,434	- 19,151	0.280	210,260	- 225,086	0.255			
19,152	- 19,927	0.279	225,087	- 242,163	0.254			

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 July 1, 2001

	<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	-	10,057	0.209	18,187	-	18,571	0.169	106,328	-	120,987	0.129
10,058	-	10,174	0.208	18,572	-	18,972	0.168	120,988	-	140,335	0.128
10,175	-	10,293	0.207	18,973	-	19,392	0.167	140,336	-	167,049	0.127
10,294	-	10,415	0.206	19,393	-	19,830	0.166	167,050	-	201,056	0.126
10,416	-	10,541	0.205	19,831	-	20,288	0.165	201,057	-	209,273	0.125
10,542	-	10,669	0.204	20,289	-	20,768	0.164	209,274	-	218,191	0.124
10,670	-	10,800	0.203	20,769	-	21,272	0.163	218,192	-	227,902	0.123
10,801	-	10,935	0.202	21,273	-	21,800	0.162	227,903	-	238,518	0.122
10,936	-	11,073	0.201	21,801	-	22,356	0.161	238,519	-	250,171	0.121
11,074	-	11,214	0.200	22,357	-	22,940	0.160	250,172	-	263,021	0.120
11,215	-	11,359	0.199	22,941	-	23,556	0.159	263,022	-	277,263	0.119
11,360	-	11,508	0.198	23,557	-	24,206	0.158	277,264	-	293,135	0.118
11,509	-	11,661	0.197	24,207	-	24,892	0.157	293,136	-	310,935	0.117
11,662	-	11,818	0.196	24,893	-	25,619	0.156	310,936	-	331,037	0.116
11,819	-	11,979	0.195	25,620	-	26,389	0.155	331,038	-	353,917	0.115
11,980	-	12,145	0.194	26,390	-	27,208	0.154	353,918	-	380,195	0.114
12,146	-	12,316	0.193	27,209	-	28,078	0.153	380,196	-	410,689	0.113
12,317	-	12,491	0.192	28,079	-	29,006	0.152	410,690	-	446,500	0.112
12,492	-	12,671	0.191	29,007	-	29,998	0.151	446,501	-	489,153	0.111
12,672	-	12,857	0.190	29,999	-	31,060	0.150	489,154	-	540,816	0.110
12,858	-	13,048	0.189	31,061	-	32,199	0.149	540,817	-	604,680	0.109
13,049	-	13,245	0.188	32,200	-	33,426	0.148	604,681	-	685,648	0.108
13,246	-	13,448	0.187	33,427	-	34,749	0.147	685,649	-	791,651	0.107
13,449	-	13,657	0.186	34,750	-	36,182	0.146	791,652	-	936,425	0.106
13,658	-	13,873	0.185	36,183	-	37,738	0.145	936,426	-	1,146,002	0.105
13,874	-	14,096	0.184	37,739	-	39,434	0.144	1,146,003	-	1,476,435	0.104
14,097	-	14,326	0.183	39,435	-	41,290	0.143	1,476,436	-	1,816,155	0.103
14,327	-	14,564	0.182	41,291	-	43,328	0.142	1,816,156	-	1,979,605	0.102
14,565	-	14,810	0.181	43,329	-	45,579	0.141	1,979,606	-	2,175,385	0.101
14,811	-	15,064	0.180	45,580	-	48,076	0.140	2,175,386	-	2,414,140	0.100
15,065	-	15,327	0.179	48,077	-	50,862	0.139	2,414,141	-	2,711,764	0.099
15,328	-	15,600	0.178	50,863	-	53,992	0.138	2,711,765	-	3,093,091	0.098
15,601	-	15,882	0.177	53,993	-	57,531	0.137	3,093,092	-	3,599,211	0.097
15,883	-	16,175	0.176	57,532	-	61,568	0.136	3,599,212	-	4,303,368	0.096
16,176	-	16,478	0.175	61,569	-	66,213	0.135	4,303,369	-	5,350,065	0.095
16,479	-	16,794	0.174	66,214	-	71,617	0.134	5,350,066	-	7,069,580	0.094
16,795	-	17,122	0.173	71,618	-	77,981	0.133	7,069,581	-	10,417,904	0.093
17,123	-	17,462	0.172	77,982	-	85,587	0.132	10,417,905	-	19,791,757	0.092
17,463	-	17,817	0.171	85,588	-	94,836	0.131	19,791,758	-	197,489,177	0.091
17,818	-	18,186	0.170	94,837	-	106,327	0.130	197,489,178	-	and OVER	0.090

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 with ALAE Option***Excluding Allocated LAE and Taxes, but Including Profit and Contingencies***Effective July 1, 2001**

<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	- 10,103	0.209	19,928	- 20,768	0.184	242,164	- 262,043	0.159
10,104	- 10,315	0.208	20,769	- 21,684	0.183	262,044	- 285,480	0.158
10,316	- 10,536	0.207	21,685	- 22,684	0.182	285,481	- 313,521	0.157
10,537	- 10,766	0.206	22,685	- 23,781	0.181	313,522	- 347,671	0.156
10,767	- 11,007	0.205	23,782	- 24,990	0.180	347,672	- 390,169	0.155
11,008	- 11,259	0.204	24,991	- 26,327	0.179	390,170	- 444,504	0.154
11,260	- 11,523	0.203	26,328	- 27,816	0.178	444,505	- 516,421	0.153
11,524	- 11,799	0.202	27,817	- 29,484	0.177	516,422	- 616,101	0.152
11,800	- 12,089	0.201	29,485	- 31,364	0.176	616,102	- 763,464	0.151
12,090	- 12,394	0.200	31,365	- 33,501	0.175	763,465	- 1,003,486	0.150
12,395	- 12,715	0.199	33,502	- 35,950	0.174	1,003,487	- 1,463,630	0.149
12,716	- 13,052	0.198	35,951	- 38,785	0.173	1,463,631	- 1,853,980	0.148
13,053	- 13,408	0.197	38,786	- 42,105	0.172	1,853,981	- 2,042,699	0.147
13,409	- 13,784	0.196	42,106	- 46,048	0.171	2,042,700	- 2,274,193	0.146
13,785	- 14,181	0.195	46,049	- 50,804	0.170	2,274,194	- 2,564,861	0.145
14,182	- 14,602	0.194	50,805	- 56,657	0.169	2,564,862	- 2,940,719	0.144
14,603	- 15,049	0.193	56,658	- 64,034	0.168	2,940,720	- 3,445,649	0.143
15,050	- 15,524	0.192	64,035	- 73,620	0.167	3,445,650	- 4,159,920	0.142
15,525	- 16,030	0.191	73,621	- 86,580	0.166	4,159,921	- 5,247,762	0.141
16,031	- 16,570	0.190	86,581	- 105,079	0.165	5,247,763	- 7,106,027	0.140
16,571	- 17,148	0.189	105,080	- 133,630	0.164	7,106,028	- 11,001,850	0.139
17,149	- 17,767	0.188	133,631	- 183,486	0.163	11,001,851	- 24,353,423	0.138
17,768	- 18,433	0.187	183,487	- 210,259	0.162	24,353,424	- and OVER	0.137
18,434	- 19,151	0.186	210,260	- 225,086	0.161			
19,152	- 19,927	0.185	225,087	- 242,163	0.160			

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