



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

April 9, 2003

**CIRCULAR LETTER NO. 1919**

To All Members and Subscribers of the Bureau:

**REVISIONS TO APPENDIX A BUREAU RULES AND PROCEDURES,  
SECTION VI. EXPERIENCE RATING, OF THE MASSACHUSETTS WORKERS  
COMPENSATION AND EMPLOYERS LIABILITY MANUAL**

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The Division of Insurance has approved revisions to Appendix A, Section VI. Experience Rating, of the Massachusetts Workers Compensation and Employers Liability Manual (MA Manual) to reflect the technological changes implemented by the Bureau that have enhanced our ability to respond to requests for experience rating calculation worksheets from insurers, insureds and other customers.

In addition, an editorial change was made to clarify the fact that under certain circumstances the Bureau may calculate and issue experience ratings for risks that have operations in Massachusetts and in other states.

Attached are copies of the Filing Memorandum dated March 27, 2003, Exhibit I which shows the current and revised wording of the affected sections, and Exhibit II which is a sample of the resulting MA Manual page AA-2. The effective date of the revisions to Appendix A, Section VI. Experience Rating, is May 1, 2003.

The revised MA Manual page AA-2 will be distributed in due course. The Internet based versions of revised MA Manual page AA-2, accessible at [www.wcribma.org](http://www.wcribma.org) and [www.ncci.com](http://www.ncci.com), will be updated as soon as possible.

Deborah G. Dohl  
Data Operations

## FILING MEMORANDUM

### REVISIONS TO APPENDIX A BUREAU RULES AND PROCEDURES, SECTION VI. EXPERIENCE RATING, OF THE MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL

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#### **Purpose**

The purpose of this filing is to update *Appendix A, Section VI. Experience Rating*, of the Massachusetts Workers Compensation and Employers Liability Insurance Manual (“MA Manual”) to reflect the technological changes implemented by the Bureau that have enhanced our ability to respond to requests for experience rating calculation worksheets from insurers, insureds, and other customers. This filing also includes an editorial change to Section VI A to clarify the fact that the Bureau calculates and issues experience ratings for *risks that have operations in Massachusetts* and other states

#### **Background**

Appendix A, Section VI A currently states: *The MA Bureau has the responsibility of calculating and issuing experience rating calculations for those risks whose operations are confined to Massachusetts.* However, the Bureau’s calculation of experience ratings is not limited to risks whose operations are *confined to Massachusetts*. Under the rules of the Experience Rating Plan Manual, risks who have operations in other states as well as in Massachusetts (interstate risks) might qualify for a Massachusetts experience rating modification factor. The Massachusetts All Risk Adjustment Program (ARAP) factor will apply to Massachusetts premium for those qualifying interstate risks. In such cases, the Bureau has the responsibility of calculating and issuing Massachusetts worksheets for interstate risks.

Appendix A, Section VI A 2 currently implies that, even upon receipt of a Letter of Authority from the insured, an experience rating calculation for a risk can be released only to a carrier, other than the present carrier. However, it is the Bureau’s practice to release an insured’s experience rating calculation to any third party authorized by the insured in the Letter of Authority submitted by the insured to the Bureau.

Appendix A, Section VI B currently requires that the Letter of Authority be on the insured’s stationary and signed by an authorized representative of the insured. Due to technological advances, additional means of written communication are now available. As a result, the Bureau accepts alternative methods of written authorization by facsimile and e-mail from the insured to release an experience rating calculation to a third party.

**Proposal**

The Bureau's proposed changes to the language of Appendix A, Sections VI A., VI A 2, and VI B of the MA Manual are contained in Exhibit I, a comparison of the present and proposed language. Exhibit II shows the resulting revisions to page AA-2 of the MA Manual. The proposed effective date of the revisions is May 1, 2003.

**Impact**

The proposed changes accurately reflect the Bureau's practices with regard to the calculation and issuance of experience rating modification worksheets. These proposed changes will have no impact on premiums, policy issuance, or the calculation of the experience rating modification or ARAP factors.

Respectfully submitted,

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March 27, 2003

MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL

Present Phraseology  
Appendix A Bureau Rules  
And Procedures

Proposed Phraseology  
Appendix A Bureau Rules  
And Procedures

VI. EXPERIENCE RATING	VI. EXPERIENCE RATING
<p><b>A. Issuance of Intrastate Experience Rating Calculations</b> The MA Bureau has the responsibility of calculating and issuing experience rating calculations for those risks whose operations are confined to Massachusetts.</p> <p>The MA Bureau shall endeavor to calculate and issue experience rating calculations at least thirty (30) days prior to their effective date.</p> <p><b>1. Present Carrier</b> The experience rating calculation for a risk shall be issued to the present carrier.</p> <p><b>2. Other Than Present Carrier</b> The experience rating calculation for a risk shall be issued to a carrier, other than the present carrier, upon receipt of a Letter of Authority.</p> <p><b>B. Letter of Authority</b> If a letter of authority is submitted, the MA Bureau shall provide experience rating calculations as specified in the letter of authority. Such letter of authority shall be written on the insured's stationery and signed by an authorized representative of the insured.</p> <p><b>C. Charges for Rating Calculations</b> A charge shall be made by the MA Bureau for rating calculations, other than that provided to the present carrier.</p>	<p><b>A. Issuance of Intrastate Experience Rating Calculations.</b> The MA Bureau has the responsibility of calculating and issuing experience rating calculations for those risks <u>that have operations in Massachusetts.</u></p> <p>No Change</p> <p><b>1. Present Carrier</b> No Change</p> <p><b>2. Other than Present Carrier</b> The experience rating calculation for a risk shall be issued to a <u>third party</u>, other than the present carrier, upon receipt of a Letter <u>from the insured authorizing the release of the experience rating worksheet.</u></p> <p><b>B. Letter of Authority</b> If a letter of authority is submitted, the MA Bureau shall provide experience rating calculations as specified in the letter of authority. Such letter of authority <u>shall be written on the insured's stationery, fax cover sheet, or e-mail identifiable as originating from the insured.</u></p> <p><b>C. Charges for Rating Calculations</b> No Change</p>

**APPENDIX A  
BUREAU RULES AND PROCEDURES**

**MASSACHUSETTS WORKERS COMPENSATION  
AND EMPLOYERS LIABILITY INSURANCE MANUAL**

Page AA-2

Effective May 1, 2003

1<sup>st</sup> Reprint

shall be submitted to the MA Bureau no later than thirty (30) days after notification.

the insured authorizing the release of the Experience Rating Worksheet to such party.

**IV. CHANGES IN CLASSIFICATIONS OR RATES**

Unless an application to change classifications or rates on the ground that the risk has been improperly classified is filed directly with the MA Bureau by the insured or by the carrier during the term of the policy or within twelve months after the expiration of said policy, such application shall not be considered by the MA Bureau.

\* **B. Letter of Authority**

If a letter of authority is submitted, the MA Bureau shall provide experience rating calculations as specified in the letter of authority. Such letter of authority shall be written on the insured's stationery, fax cover sheet, or e-mail identifiable as originating from the insured.

**V. AUDIT OR REAUDIT OF POLICY BY CARRIER**

As provided in the Standard Workers Compensation and Employers Liability policy, the insurance carrier is permitted to audit or reaudit within three years after termination of the policy. The revised audit may be for the purpose of reallocation or amendment of remuneration or other premium basis, in accordance with the rules, rates, and rating plans applicable under the manuals used by the carrier.

**C. Charges for Rating Calculations**

A charge shall be made by the MA Bureau for rating calculations, other than that provided to the present carrier.

**VII. TEST AUDITS**

The MA Bureau has authority to conduct test audits and to require corrections in accordance with the results of the test audit.

**VI. EXPERIENCE RATING**

\* **A. Issuance of Intrastate Experience Rating Calculations**

The MA Bureau has the responsibility of calculating and issuing experience rating calculations for those risks that have operations in Massachusetts.

The MA Bureau shall endeavor to calculate and issue experience rating calculations at least thirty (30) days prior to their effective date.

**1. Present Carrier**

The experience rating calculation for a risk shall be issued to the present carrier.

\* **2. Other Than Present Carrier**

The experience rating calculation for a risk shall be issued to a third party, other than the present carrier, upon receipt of a letter from