



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

June 15, 2005

**CIRCULAR LETTER NO. 1993**

***To All Members and Subscribers of the Bureau:***

**RETROSPECTIVE RATING PLAN CHANGES  
EFFECTIVE SEPTEMBER 1, 2005**

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The Commissioner of Insurance has approved changes in Retrospective Rating Plan parameters effective 12:01 A.M., September 1, 2005, 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 retrospective rating values were also approved by the Commissioner:

Expected Loss Ratio	.639
Loss Conversion Factor	1.166
Expected Loss and ALAE Ratio	.690
Loss Conversion Factor for Loss and ALAE Option	1.079
State Tax Multiplier	1.064
Provision for Residual Market Subsidy	0.7%

Note: No change was made to the Federal Tax Multiplier.

As announced in Circular Letter No. 1986, the Table of Expected Loss Ranges is updated in accordance with the NCCI 2004 Table (Item R-1388) that is effective September 1, 2005 for Massachusetts.

Lastly, the new State and Hazard Group Differentials are:

Hazard Group	Hazard Group Differential
I	1.46
II	1.36
III	0.85
IV	0.56

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

VICTORIA J. CARTER  
Associate Actuary

VJC/  
Enclosures

## MASSACHUSETTS WORKERS COMPENSATION

## RETROSPECTIVE RATING

Table of Compensation Expense Ratios  
Type A Discount

Excluding Taxes, but Including Profit and Contingencies

Effective September 1, 2005

Standard Premium			Expense Ratio	Standard Premium			Expense Ratio	Standard Premium			Expense Ratio
0	-	10,059	0.301	18,583	-	18,995	0.261	141,922	-	170,157	0.221
10,060	-	10,179	0.300	18,996	-	19,426	0.260	170,158	-	202,024	0.220
10,180	-	10,301	0.299	19,427	-	19,878	0.259	202,025	-	210,547	0.219
10,302	-	10,427	0.298	19,879	-	20,351	0.258	210,548	-	219,821	0.218
10,428	-	10,555	0.297	20,352	-	20,847	0.257	219,822	-	229,950	0.217
10,556	-	10,687	0.296	20,848	-	21,368	0.256	229,951	-	241,057	0.216
10,688	-	10,823	0.295	21,369	-	21,915	0.255	241,058	-	253,291	0.215
10,824	-	10,961	0.294	21,916	-	22,491	0.254	253,292	-	266,834	0.214
10,962	-	11,104	0.293	22,492	-	23,099	0.253	266,835	-	281,907	0.213
11,105	-	11,250	0.292	23,100	-	23,740	0.252	281,908	-	298,785	0.212
11,251	-	11,400	0.291	23,741	-	24,418	0.251	298,786	-	317,812	0.211
11,401	-	11,554	0.290	24,419	-	25,135	0.250	317,813	-	339,427	0.210
11,555	-	11,712	0.289	25,136	-	25,896	0.249	339,428	-	364,198	0.209
11,713	-	11,874	0.288	25,897	-	26,705	0.248	364,199	-	392,868	0.208
11,875	-	12,041	0.287	26,706	-	27,566	0.247	392,869	-	426,438	0.207
12,042	-	12,213	0.286	27,567	-	28,484	0.246	426,439	-	466,280	0.206
12,214	-	12,390	0.285	28,485	-	29,465	0.245	466,281	-	514,336	0.205
12,391	-	12,573	0.284	29,466	-	30,516	0.244	514,337	-	573,434	0.204
12,574	-	12,760	0.283	30,517	-	31,646	0.243	573,435	-	647,877	0.203
12,761	-	12,953	0.282	31,647	-	32,861	0.242	647,878	-	744,532	0.202
12,954	-	13,153	0.281	32,862	-	34,175	0.241	744,533	-	875,082	0.201
13,154	-	13,358	0.280	34,176	-	35,597	0.240	875,083	-	1,061,151	0.200
13,359	-	13,570	0.279	35,598	-	37,143	0.239	1,061,152	-	1,347,716	0.199
13,571	-	13,789	0.278	37,144	-	38,829	0.238	1,347,717	-	1,771,513	0.198
13,790	-	14,015	0.277	38,830	-	40,676	0.237	1,771,514	-	1,931,087	0.197
14,016	-	14,248	0.276	40,677	-	42,707	0.236	1,931,088	-	2,122,255	0.196
14,249	-	14,490	0.275	42,708	-	44,952	0.235	2,122,256	-	2,355,432	0.195
14,491	-	14,739	0.274	44,953	-	47,445	0.234	2,355,433	-	2,646,172	0.194
14,740	-	14,998	0.273	47,446	-	50,232	0.233	2,646,173	-	3,018,793	0.193
14,999	-	15,265	0.272	50,233	-	53,366	0.232	3,018,794	-	3,513,555	0.192
15,266	-	15,543	0.271	53,367	-	56,918	0.231	3,513,556	-	4,202,284	0.191
15,544	-	15,830	0.270	56,919	-	60,976	0.230	4,202,285	-	5,226,856	0.190
15,831	-	16,129	0.269	60,977	-	65,657	0.229	5,226,857	-	6,912,121	0.189
16,130	-	16,439	0.268	65,658	-	71,116	0.228	6,912,122	-	10,201,252	0.188
16,440	-	16,761	0.267	71,117	-	77,566	0.227	10,201,253	-	19,462,457	0.187
16,762	-	17,096	0.266	77,567	-	85,302	0.226	19,462,458	-	211,203,704	0.186
17,097	-	17,445	0.265	85,303	-	94,752	0.225	211,203,705	-	and OVER	0.185
17,446	-	17,808	0.264	94,753	-	106,557	0.224				
17,809	-	18,187	0.263	106,558	-	121,723	0.223				
18,188	-	18,582	0.262	121,724	-	141,921	0.222				

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**

**RETROSPECTIVE RATING**

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

*Excluding Taxes, but Including Profit and Contingencies*

**Effective September 1, 2005**

<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 - 10,105	0.301	20,457 - 21,368	0.276	268,408 - 293,752	0.251
10,106 - 10,323	0.300	21,369 - 22,364	0.275	293,753 - 324,383	0.250
10,324 - 10,550	0.299	22,365 - 23,459	0.274	324,384 - 362,144	0.249
10,551 - 10,788	0.298	23,460 - 24,666	0.273	362,145 - 409,856	0.248
10,789 - 11,036	0.297	24,667 - 26,004	0.272	409,857 - 472,048	0.247
11,037 - 11,296	0.296	26,005 - 27,496	0.271	472,049 - 556,490	0.246
11,297 - 11,569	0.295	27,497 - 29,170	0.270	556,491 - 677,723	0.245
11,570 - 11,855	0.294	29,171 - 31,060	0.269	677,724 - 866,492	0.244
11,856 - 12,156	0.293	31,061 - 33,212	0.268	866,493 - 1,201,016	0.243
12,157 - 12,472	0.292	33,213 - 35,684	0.267	1,201,017 - 1,779,849	0.242
12,473 - 12,805	0.291	35,685 - 38,555	0.266	1,779,850 - 1,958,035	0.241
12,806 - 13,157	0.290	38,556 - 41,927	0.265	1,958,036 - 2,175,868	0.240
13,158 - 13,528	0.289	41,928 - 45,946	0.264	2,175,869 - 2,448,235	0.239
13,529 - 13,921	0.288	45,947 - 50,817	0.263	2,448,236 - 2,798,548	0.238
13,922 - 14,337	0.287	50,818 - 56,844	0.262	2,798,549 - 3,265,851	0.237
14,338 - 14,779	0.286	56,845 - 64,492	0.261	3,265,852 - 3,920,497	0.236
14,780 - 15,249	0.285	64,493 - 74,518	0.260	3,920,498 - 4,903,393	0.235
15,250 - 15,750	0.284	74,519 - 88,235	0.259	4,903,394 - 6,544,025	0.234
15,751 - 16,286	0.283	88,236 - 108,142	0.258	6,544,026 - 9,834,594	0.233
16,287 - 16,858	0.282	108,143 - 139,650	0.257	9,834,595 - 19,781,369	0.232
16,859 - 17,473	0.281	139,651 - 197,063	0.256	19,781,370 - and OVER	0.231
17,474 - 18,134	0.280	197,064 - 213,218	0.255		
18,135 - 18,847	0.279	213,219 - 228,907	0.254		
18,848 - 19,618	0.278	228,908 - 247,089	0.253		
19,619 - 20,456	0.277	247,090 - 268,407	0.252		

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

## RETROSPECTIVE RATING

Table of Compensation Expense Ratios  
Type A Discount with ALAE Option

Excluding Allocated LAE and Taxes, but Including Profit and Contingencies

Effective September 1, 2005

<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	- 10,059	0.250	18,583	- 18,995	0.210	141,922	- 170,157	0.170
10,060	- 10,179	0.249	18,996	- 19,426	0.209	170,158	- 202,024	0.169
10,180	- 10,301	0.248	19,427	- 19,878	0.208	202,025	- 210,547	0.168
10,302	- 10,427	0.247	19,879	- 20,351	0.207	210,548	- 219,821	0.167
10,428	- 10,555	0.246	20,352	- 20,847	0.206	219,822	- 229,950	0.166
10,556	- 10,687	0.245	20,848	- 21,368	0.205	229,951	- 241,057	0.165
10,688	- 10,823	0.244	21,369	- 21,915	0.204	241,058	- 253,291	0.164
10,824	- 10,961	0.243	21,916	- 22,491	0.203	253,292	- 266,834	0.163
10,962	- 11,104	0.242	22,492	- 23,099	0.202	266,835	- 281,907	0.162
11,105	- 11,250	0.241	23,100	- 23,740	0.201	281,908	- 298,785	0.161
11,251	- 11,400	0.240	23,741	- 24,418	0.200	298,786	- 317,812	0.160
11,401	- 11,554	0.239	24,419	- 25,135	0.199	317,813	- 339,427	0.159
11,555	- 11,712	0.238	25,136	- 25,896	0.198	339,428	- 364,198	0.158
11,713	- 11,874	0.237	25,897	- 26,705	0.197	364,199	- 392,868	0.157
11,875	- 12,041	0.236	26,706	- 27,566	0.196	392,869	- 426,438	0.156
12,042	- 12,213	0.235	27,567	- 28,484	0.195	426,439	- 466,280	0.155
12,214	- 12,390	0.234	28,485	- 29,465	0.194	466,281	- 514,336	0.154
12,391	- 12,573	0.233	29,466	- 30,516	0.193	514,337	- 573,434	0.153
12,574	- 12,760	0.232	30,517	- 31,646	0.192	573,435	- 647,877	0.152
12,761	- 12,953	0.231	31,647	- 32,861	0.191	647,878	- 744,532	0.151
12,954	- 13,153	0.230	32,862	- 34,175	0.190	744,533	- 875,082	0.150
13,154	- 13,358	0.229	34,176	- 35,597	0.189	875,083	- 1,061,151	0.149
13,359	- 13,570	0.228	35,598	- 37,143	0.188	1,061,152	- 1,347,716	0.148
13,571	- 13,789	0.227	37,144	- 38,829	0.187	1,347,717	- 1,771,513	0.147
13,790	- 14,015	0.226	38,830	- 40,676	0.186	1,771,514	- 1,931,087	0.146
14,016	- 14,248	0.225	40,677	- 42,707	0.185	1,931,088	- 2,122,255	0.145
14,249	- 14,490	0.224	42,708	- 44,952	0.184	2,122,256	- 2,355,432	0.144
14,491	- 14,739	0.223	44,953	- 47,445	0.183	2,355,433	- 2,646,172	0.143
14,740	- 14,998	0.222	47,446	- 50,232	0.182	2,646,173	- 3,018,793	0.142
14,999	- 15,265	0.221	50,233	- 53,366	0.181	3,018,794	- 3,513,555	0.141
15,266	- 15,543	0.220	53,367	- 56,918	0.180	3,513,556	- 4,202,284	0.140
15,544	- 15,830	0.219	56,919	- 60,976	0.179	4,202,285	- 5,226,856	0.139
15,831	- 16,129	0.218	60,977	- 65,657	0.178	5,226,857	- 6,912,121	0.138
16,130	- 16,439	0.217	65,658	- 71,116	0.177	6,912,122	- 10,201,252	0.137
16,440	- 16,761	0.216	71,117	- 77,566	0.176	10,201,253	- 19,462,457	0.136
16,762	- 17,096	0.215	77,567	- 85,302	0.175	19,462,458	- 211,203,704	0.135
17,097	- 17,445	0.214	85,303	- 94,752	0.174	211,203,705	- and OVER	0.134
17,446	- 17,808	0.213	94,753	- 106,557	0.173			
17,809	- 18,187	0.212	106,558	- 121,723	0.172			
18,188	- 18,582	0.211	121,724	- 141,921	0.171			

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**

**RETROSPECTIVE RATING**

**Table of Compensation Expense Ratios**  
**Type B Discount with ALAE Option**  
*Excluding Allocated LAE and Taxes, but Including Profit and Contingencies*

**Effective September 1, 2005**

<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 - 10,105	0.250	20,457 - 21,368	0.225	268,408 - 293,752	0.200
10,106 - 10,323	0.249	21,369 - 22,364	0.224	293,753 - 324,383	0.199
10,324 - 10,550	0.248	22,365 - 23,459	0.223	324,384 - 362,144	0.198
10,551 - 10,788	0.247	23,460 - 24,666	0.222	362,145 - 409,856	0.197
10,789 - 11,036	0.246	24,667 - 26,004	0.221	409,857 - 472,048	0.196
11,037 - 11,296	0.245	26,005 - 27,496	0.220	472,049 - 556,490	0.195
11,297 - 11,569	0.244	27,497 - 29,170	0.219	556,491 - 677,723	0.194
11,570 - 11,855	0.243	29,171 - 31,060	0.218	677,724 - 866,492	0.193
11,856 - 12,156	0.242	31,061 - 33,212	0.217	866,493 - 1,201,016	0.192
12,157 - 12,472	0.241	33,213 - 35,684	0.216	1,201,017 - 1,779,849	0.191
12,473 - 12,805	0.240	35,685 - 38,555	0.215	1,779,850 - 1,958,035	0.190
12,806 - 13,157	0.239	38,556 - 41,927	0.214	1,958,036 - 2,175,868	0.189
13,158 - 13,528	0.238	41,928 - 45,946	0.213	2,175,869 - 2,448,235	0.188
13,529 - 13,921	0.237	45,947 - 50,817	0.212	2,448,236 - 2,798,548	0.187
13,922 - 14,337	0.236	50,818 - 56,844	0.211	2,798,549 - 3,265,851	0.186
14,338 - 14,779	0.235	56,845 - 64,492	0.210	3,265,852 - 3,920,497	0.185
14,780 - 15,249	0.234	64,493 - 74,518	0.209	3,920,498 - 4,903,393	0.184
15,250 - 15,750	0.233	74,519 - 88,235	0.208	4,903,394 - 6,544,025	0.183
15,751 - 16,286	0.232	88,236 - 108,142	0.207	6,544,026 - 9,834,594	0.182
16,287 - 16,858	0.231	108,143 - 139,650	0.206	9,834,595 - 19,781,369	0.181
16,859 - 17,473	0.230	139,651 - 197,063	0.205	19,781,370 - and OVER	0.180
17,474 - 18,134	0.229	197,064 - 213,218	0.204		
18,135 - 18,847	0.228	213,219 - 228,907	0.203		
18,848 - 19,618	0.227	228,908 - 247,089	0.202		
19,619 - 20,456	0.226	247,090 - 268,407	0.201		

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%

**ITEM R-1388—2004 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS**

**EXHIBIT 2**

**RETROSPECTIVE RATING PLAN MANUAL  
2004 EXPECTED LOSS RANGES  
EFFECTIVE 7/1/04**

Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values
95	643— 1,003	65	53,905— 58,219	35	672,306— 754,844
94	1,004— 1,486	64	58,220— 62,880	34	754,845— 847,519
93	1,487— 1,962	63	62,881— 67,914	33	847,520— 966,428
92	1,963— 2,594	62	67,915— 73,350	32	966,429— 1,110,847
91	2,595— 3,375	61	73,351— 79,222	31	1,110,848— 1,276,849
90	3,376— 4,075	60	79,223— 85,580	30	1,276,850— 1,467,659
89	4,076— 4,919	59	85,581— 92,534	29	1,467,660— 1,744,627
88	4,920— 5,710	58	92,535— 99,909	28	1,744,628— 2,086,194
87	5,711— 6,628	57	99,910— 107,646	27	2,086,195— 2,494,638
86	6,629— 7,688	56	107,647— 115,984	26	2,494,639— 3,075,371
85	7,689— 8,695	55	115,985— 124,969	25	3,075,372— 3,913,499
84	8,696— 9,829	54	124,970— 135,124	24	3,913,500— 4,980,041
83	9,830— 11,100	53	135,125— 146,146	23	4,980,042— 6,363,618
82	11,101— 12,351	52	146,147— 158,070	22	6,363,619— 8,142,851
81	12,352— 13,742	51	158,071— 170,961	21	8,142,852— 10,419,549
80	13,743— 15,287	50	170,962— 184,485	20	10,419,550— 13,332,799
79	15,288— 17,008	49	184,486— 199,046	19	13,332,800— 17,060,577
78	17,009— 18,769	48	199,047— 214,861	18	17,060,578— 23,402,105
77	18,770— 20,663	47	214,862— 233,758	17	23,402,106— 34,611,525
76	20,664— 22,751	46	233,759— 254,315	16	34,611,526— 51,190,173
75	22,752— 25,001	45	254,316— 276,681	15	51,190,174— 75,709,857
74	25,002— 27,372	44	276,682— 302,352	14	75,709,858— 111,974,276
73	27,373— 29,966	43	302,353— 330,838	13	111,974,277— 165,609,059
72	29,967— 32,811	42	330,839— 362,010	12	165,609,060— 259,241,432
71	32,812— 35,815	41	362,011— 399,071	11	259,241,433— 410,223,772
70	35,816— 39,068	40	399,072— 441,013	10	410,223,773— 649,138,303
69	39,069— 42,611	39	441,014— 487,363	9	649,138,304— & over
68	42,612— 46,201	38	487,364— 538,584		
67	46,202— 49,903	37	538,585— 598,787		
66	49,904— 53,904	36	598,788— 672,305		