



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

March 2, 2011

**CIRCULAR LETTER NO. 2171**

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

**RATE FILING**

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On March 1, 2011, the WCRIBMA submitted a rate filing to the Division of Insurance on behalf of its members recommending a 6.6% increase in average rates for industrial classes and a 20.0% increase for F-Classes. The WCRIBMA filed no change to expense constants.

Although the filing shows that a rate increase of 6.6 percent with a recommended effective date of September 1, 2011 would be warranted, the WCRIBMA has reached agreement (see attached stipulation) with the State Rating Bureau in the Division of Insurance and the Office of Attorney General Martha Coakley to maintain Massachusetts workers' compensation rates at current levels through August 31, 2012. This agreement must be approved by the Commissioner of Insurance after a public hearing before it becomes effective.

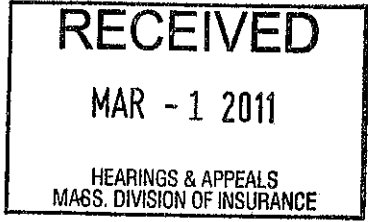
The Commissioner of Insurance will issue a public hearing notice soon and we will then issue another Circular Letter attaching a copy of that notice. We will also post additional information as it becomes available on our website at [www.wcribma.org](http://www.wcribma.org).

Robert McCarthy  
Vice President and Actuary

Claudia Cunniff  
Actuary

COMMONWEALTH OF MASSACHUSETTS

DIVISION OF INSURANCE



*In re:*

APPLICATION OF THE WORKERS'  
COMPENSATION RATING AND INSPECTION  
BUREAU OF MASSACHUSETTS FOR APPROVAL  
OF A RATE REVISION TO BE EFFECTIVE  
ON AND AFTER SEPTEMBER 1, 2011

Docket No. R2011-01

**STIPULATION WITH RESPECT TO RATES,  
CLASSIFICATIONS AND RATING PLANS FOR 2011**

In order to avoid further hearings, delay and uncertainty for insureds and insurers, and to permit orderly implementation of workers' compensation insurance rates effective on and after September 1, 2011, but without in any way admitting or agreeing to any position taken by any other party, the Workers' Compensation Rating and Inspection Bureau of Massachusetts ("WCRIBMA"), the Office of the Attorney General ("AG") and the State Rating Bureau ("SRB") stipulate as follows, with respect only to the filing by the WCRIBMA for a revision of rates to be effective on and after September 1, 2011:

1. No party will object to or appeal from an order by the Commissioner of Insurance ("Commissioner") that there will be no increase in the workers' compensation rates, classifications, rating programs, rating plans, rating factors and rating values to be effective on and after September 1, 2011 and such rates shall be exactly the same as the rates that have been in effect since September 1, 2010, subject to the other conditions set forth in this Stipulation.

2. These rates, classifications, rating programs, rating plans, rating factors and rating values shall apply to new and renewal policies effective on and after September 1, 2011, including all such policies in the Massachusetts Workers' Compensation Assigned Risk Pool.

3. On March 1, 2012, the WCRIBMA will submit a general revision of workers' compensation insurance rates and rating values pursuant to 211 CMR 110.04 and G.L. c. 152, §§ 52 and 53A, for rates applicable to new and renewal policies effective on and after September 1, 2012.

4. No later than October 15, 2011, the WCRIBMA shall deliver to the SRB and the AG, on the same date, the most recent Aggregate Financial data, together with a list of those companies, as compiled by the WCRIBMA, whose data, in the opinion of the WCRIBMA, are material but have not been found to be sufficiently reliable for use in ratemaking, with a statement of the reasons for any such findings. No later than November 15, 2011, the WCRIBMA shall deliver to the SRB and the AG, on the same date, the most recent Aggregate Financial data that the WCRIBMA would expect to use in its March 1, 2012 rate filing, together with a list of those companies, as compiled by the WCRIBMA, whose data, in the opinion of the WCRIBMA, are material but have not been found to be sufficiently reliable for use in ratemaking, with a statement of the reasons for any such findings.

Nothing in this stipulation shall be construed to limit or impair the WCRIB's ongoing ability to exercise actuarial judgment about the reliability of data for use in ratemaking or to attempt to reconcile or validate data. Accordingly, if between December 15, 2011 and February 28, 2012, on the basis of new data or new information or otherwise the WCRIB makes different findings about which Aggregate Financial data to use in its March 1, 2012 rate filing, the WCRIB shall promptly notify both the SRB and the AG of its revised findings and shall

provide the SRB and the AG, on the same date, any new data or new information that the WCRIB considered in making its revised findings with a statement of the reasons for changing its findings.

5. The WCRIBMA, AG and SRB agree that this Stipulation will have no precedential value and will not be relevant in future hearings on any line of insurance and that they will not attempt to introduce it (or the decision adopting it) as evidence or to rely on it (or the decision adopting it) for any purpose in future hearings, provided that the Stipulation may be considered in any future hearing with respect to the implementation of this Stipulation, but only on the issue of the implementation of this Stipulation. The WCRIBMA, AG and SRB each acknowledge that this Stipulation does not imply approval or disapproval by either party of any particular ratemaking methodology or projection. Each party reserves the right to contest in future hearings all aspects of rate-setting resolved for present purposes only by this Stipulation.

6. It is understood and agreed that this Stipulation is filed with the Division of Insurance at the same time the WCRIBMA submits the filing for rates, attached as Exhibit A, proposed by the WCRIBMA to be effective on and after September 1, 2011, and that such proposed general revisions in rates shall be resolved in accordance with paragraph (1) of this Stipulation.

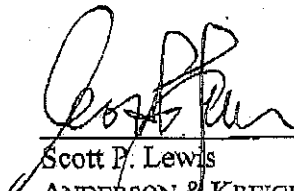
7. Each party enters into this Stipulation upon the condition that it is approved by the Commissioner, in its entirety, on the record of this hearing no later than April 15, 2011. If the Commissioner does not approve this Stipulation in its entirety on or before April 15, 2011, this Stipulation shall be null and void and shall not be relied upon by any party, or by the Commissioner, for any purpose whatsoever.

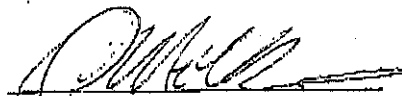
8. If any person not a party to this Stipulation successfully challenges the Commissioner's approval of this Stipulation and the Commissioner's approval is suspended, set aside or otherwise rendered ineffective, this Stipulation shall be null and void and shall not be relied upon by any party, or by the Commissioner, for any purpose.

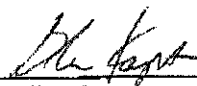
9. It is understood and agreed that the manual pages reflecting the rates that have been in effect since September 1, 2010 shall remain unchanged until August 31, 2012 or such later time as revised rates take effect.

10. This Stipulation shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

11. The Parties may execute this Stipulation in counterparts, each of which shall be deemed an original and all of which shall constitute one original.

  
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For the AG

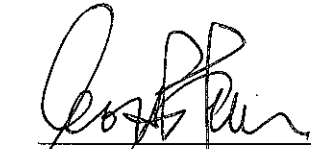
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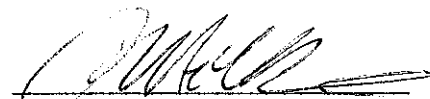
8. If any person not a party to this Stipulation successfully challenges the Commissioner's approval of this Stipulation and the Commissioner's approval is suspended, set aside or otherwise rendered ineffective, this Stipulation shall be null and void and shall not be relied upon by any party, or by the Commissioner, for any purpose.

9. It is understood and agreed that the manual pages reflecting the rates that have been in effect since September 1, 2010 shall remain unchanged until August 31, 2012 or such later time as revised rates take effect.

10. This Stipulation shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

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Dated: 3/11, 2011

APPROVED:

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Joseph G. Murphy  
Commissioner of Insurance  
Division of Insurance

Dated: \_\_\_\_\_, 2011